





## NEWS: INTERNATIONAL

US sales fall  
may presage  
growth dipBy Michael Prowse  
in Washington

US retail sales fell modestly last month after a big gain in May, providing the first hint that the pace of economic growth may slow in coming months after an uncomfortably strong second quarter.

Separate data on wholesale prices, however, were less encouraging for investors showing an unexpectedly large increase in producer prices, reflecting a surge in food prices.

The figures came at the end of a nervous week in US financial markets. Share and bond prices have weakened on fears that Mr Alan Greenspan, Federal Reserve chairman, will be forced to raise short-term interest rates shortly in order to curb upward pressure on inflation.

Economists are keenly awaiting Mr Greenspan's half-yearly monetary testimony to Congress next week for signals on interest rate prospects. Mr Greenspan will assess the monetary outlook and unveil the Fed's latest economic projections.

The Commerce Department said retail sales fell 0.2 per cent last month, after a strong 0.8 per cent gain in May. The sharpest setback was in the car industry, where sales fell 1.4 per cent, after a 1.8 per cent gain in May. Department store and clothing sales were also weak.

However, the underlying

trend remained quite strong. Sales rose at an annualised rate of 5.5 per cent in cash terms in the second quarter as a whole. Excluding cars, a volatile sector, the annualised increase was 9.3 per cent.

Economists at J.P. Morgan, the New York bank, said this implied growth of real consumption spending at an annualised rate of 3.5 per cent in the second quarter.

The producer price index for finished goods rose by 0.2 per cent last month and by 2.7 per cent in the year to June. However, the modest overall increase masked sharp variations in individual prices. Energy costs dropped 2.1 per cent, the biggest monthly decline since December 1993.

But this decline was more than offset by a surge in food prices which jumped 1.6 per cent in June - the largest monthly gain in six years. Excluding food and energy, the "core" producer price index rose 0.2 per cent after a zero increase in May.

Economists said prospects for interest rates depended mainly on the economy's strength in the second half of the year. Some economists believe high levels of consumer debt will cause slower growth of spending and reduce upward pressure on rates. But the majority view is that the Fed will have to raise rates at least once, probably in August.

Chechen casualties rise as  
Russians continue offensive

Dozens of Chechen civilians were reported to have been killed or wounded yesterday as heavy fighting continued across the rebel region for a fourth day and Russian aircraft dropped bombs on a village, agencies report from Moscow. Russian troops also claimed to have killed 50 Chechen fighters in an attack on a separatist base.

The Russian bombardment targeted the villages of Gekhi in the south-western lowlands and Mekhketi in the south-east. Precise figures of civilian casualties were impossible to obtain because the villages were sealed off by troops, Russian news agencies said.

The Russian military offensive has contrasted sharply with President Boris Yeltsin's election campaign promises to end the unpopular war. A ceasefire negotiated with separatist leaders in May largely held until this week Chechen rebels have come under suspicion in two trilateral bombings in Moscow, with the mayor, Mr Yuri Luzhkov, among those speculating they could be behind the attacks.

The Russian military command in Chechnya said a unit near Shatol, a town 44km south of the Chechen capital, Grozny, located a rebel base yesterday and shelled it. The attack killed 80 rebels and destroyed a radio transmission centre, a statement said.

Reports were sketchy yesterday of fighting around Gekhi and Mekhketi, the village which Russian commanders claim is the headquarters of Chechen rebel leader Zelimkhan Yandarbiyev.

However, western reporters outside Gekhi saw three bombs hitting the village and sending up clouds of smoke and dust. Russian troops launched an attack against the village on Tuesday, saying a big group of rebels was stationed there. Residents of the village say dozens of civilians have been killed in the past few days and insist that the last fighters left Gekhi on Thursday.

In Washington, the administration used unusually sharp language to criticise what it called the decision to "escalate" the conflict and "go after civilians" now that the election was over.

Mr Strobe Talbott, deputy US secretary of state, said the message would be delivered personally to the Russian leadership by Vice-President Al Gore, who arrives in Moscow this weekend.

Mr Yeltsin's new national security chief, Mr Alexander Lebed, a retired general, has endorsed the offensive and defended the actions of the Russian troop commander in Chechnya, Lieutenant-General Vyacheslav Tikhomirov. Gen Tikhomirov was previously Mr Lebed's chief of staff.

Mr Lebed, once an advocate of self-determination for Chechnya, now insists the republic remain within Russia.

More than 30,000 people have been killed in Chechnya since Moscow sent in troops in December 1994. While the sands of people remained trapped in their villages yesterday, thousands more were reportedly fleeing this week's attacks. About 850 of them have arrived in the neighbouring region of Dagestan, the UN High Commissioner for Refugees said in Geneva.



A Chechen fighter holding a wound on his head near the village of Gekhi, which was bombed yesterday by Russian aircraft.

## INTERNATIONAL NEWS DIGEST

Arms export  
curbs agreed

Negotiators from 31 countries agreed yesterday to curb global arms exports, after two days of closed-door talks. The US and Russia managed to end a disagreement over the disclosure of sensitive information that had threatened to block the first post-cold war export control regime for weapons and military technology.

A US official said Washington and Moscow had overcome obstacles to the implementation of the so-called Wassenaar arrangement on arms exports, agreed in principle after about 26 western and eastern states sketched the outlines of a new arms control forum in December in the Dutch town of Wassenaar. But implementation of the pact stalled in April over Russian opposition to a provision requiring each nation to notify other members whenever it granted or denied a licence to export dual-use technology, such as night-vision devices.

## Indonesia offers tax lure

The Indonesian government has announced a 10-year tax holiday for companies making new investments in certain sectors, but the ministry of finance has yet to make clear whether the concession applies to foreign as well as local companies. Foreign investors in Indonesia had been pressing for better terms in line with neighbouring countries such as Malaysia, which offers 10-year tax holidays depending on the location of an investment.

The Indonesian finance ministry said the tax holidays would only be valid in certain sectors, to be determined by President Suharto. In an additional move aimed at encouraging investment in the outer islands, companies investing outside the more industrialised islands of Java and Bali can apply for a two-year extension to the tax holiday.

The tax holiday will only apply to companies which set up operations in Indonesia within five years of obtaining an investment licence. Until now only about half of approved investments in Indonesia are realised. The tax holiday will include an exemption not only of corporate income tax but also of income tax on dividends paid to shareholders based offshore.

Separately, the ministry of finance said it was reviving a privatisation team disbanded after the failure of the initial public offering of Telkom, the domestic telecoms company. The new team will be headed by Mr Saleh Affif, co-ordinating minister for economy and finance. *Manuela Saragosa, Jakarta*

## Cambodia wins \$500m in aid

The Cambodian government yesterday received pledges of \$500m in economic aid from international donors to help fund reconstruction projects. Cambodia relies on foreign aid for almost half its annual expenditure. The amount pledged at the end of a two-day meeting of donors in Tokyo will be allocated this year and is in line with the Cambodian government's three-year investment programme totalling \$1.7bn.

Criticism by international donors had been heightened by the country's haphazard and secret awarding of logging concessions. Last month the IMF placed a temporary freeze on a scheduled loan disbursement of \$20m. However, Phnom Penh has given assurances it is making logging activities more transparent by implementing a forestry policy and appointing an independent inspection unit.

Representatives from 16 countries and five international organisations agreed to offer the aid at the meeting co-chaired by the World Bank and the Japanese government. "We had an opportunity to take stock of what progress has been made, including stabilisation of the economy and fairly good growth performance," said Mr Javad Shirazi of the World Bank. Japan, which pledged up to \$90.5m in economic aid, was the biggest donor. *Emiko Terazono, Tokyo*

## Rome delays draft media bill

The Italian government yesterday postponed until Wednesday approval of draft legislation which could have a far-reaching effect on the regulation of the telecommunications and media industries.

The draft legislation would establish a telecoms and media authority, one prerequisite for the sale of the Italian state's stake in Stet, the telecoms holding company. The government still hopes to establish the authority by early autumn, to keep open the hope of privatisation during 1998.

According to leaked drafts of the bill, the new law also intends to lay down limits on the share of the audience and overall revenues from television which a single operator is allowed to have. That could affect the future of both Mediaset, the media company controlled by Berlusconi, and Silvio Berlusconi's family holding company, and the state-owned Rai, which have a near-dupoly over Italian television.

One industry executive said he believed approval of the bill had been postponed because of differences within the centre-left government over the regulation of the television sector. Mr Berlusconi, who is selling off a majority stake in Mediaset, is the leader of the opposition. Mr Antonio Maccanico, the post and telecommunications minister, said, however, that the bill would be approved at Wednesday's cabinet meeting. *Andrew Hill, Milan*

## Steffi Graf's father nearer trial

One of Germany's most prominent cases of alleged tax evasion moved nearer to the courtroom yesterday when a district court in Mannheim gave the go-ahead for the prosecution of Mr Peter Graf, father of tennis star and Wimbledon ladies' champion Ms Steffi Graf, and his tax adviser.

Mr Graf and Mr Joachim Eckardt stand accused of tax evasion. The state prosecutor's office has alleged that they failed to report DM42m (\$27.5m) of Ms Graf's earnings between 1989 and 1993 and thereby evaded tax payments of DM19.8m. The court has yet to fix a date for the hearing but it is expected to start in September. Mr Graf has been in jail pending investigations since August 2 last year while Mr Eckardt has been in jail since September. *Peter Norman, Bonn*

## Spain beats inflation forecast

A sharp fall in fresh food prices reduced Spain's headline inflation rate for June by 0.1 percentage point and slowed the year-on-year rate to 3.6 per cent, from 3.8 per cent in May. Underlying inflation, which excludes energy and non-processed food prices, increased by 0.2 points in June and the 12-month rate for core inflation fell to 3.6 per cent, from 3.7 per cent a month earlier.

The figures were a sharp improvement on forecasts of a 0.1 point rise in the headline figure and reversed a two-month trend that had pushed the consumer price index up from a 35-year low of 3.4 per cent in March. June's price falls could give the Bank of Spain room to trim its benchmark interest rate, which has remained at 7.25 per cent since June 4.

French inflation slipped in June for the first time in 11 months, reflecting weak consumer demand and the waning impact of a rise last year in the country's value added tax, official figures published yesterday showed. The national statistics institute said June consumer prices fell 0.1-0.2 per cent month-on-month compared with a 0.2 per cent rise in May, surprising many economists who had expected inflation to be flat.

Economists said that the decline reflected weak demand in a sluggish economy but that it should allow the central bank to continue cutting interest rates. *Reuters, Paris*

Congress votes  
to prolong a  
study of RSI

By Jurek Martin in Washington

The US House of Representatives has voted down a Republican attempt to prevent the federal government from even investigating repetitive strain injuries, one of the most frequent contemporary workplace afflictions.

The defection of 35 Republican congressmen, mostly north-eastern moderates, to support a Democratic amendment removing the RSI prescription from an appropriations bill, underlines the fissures now confronting the Republican party as the November elections draw nearer.

The bill would have barred the Occupational Safety and Health Administration (OSHA) - a favourite target of conservatives intent on deregulation - from developing rules or guidelines concerning RSI. It would also have prevented OSHA from spending any funds to gather information on

the problem, which has spread in the last decade to affect notably computer keyboard users.

The bill's sponsors immediately blamed their defeat on what Congressman Henry Bonilla, the Republican from Texas, described as the "strong arm of organised labour". The vote certainly constitutes the second big political victory this week for the trade unions, following the passage of an increase in the federal minimum wage by the Senate on Tuesday.

The \$65bn appropriations bill, covering the health, labour and education departments for the fiscal year beginning in October, won the approval of the House, though only after Democrats had won a number of other concessions. But in its present form it is almost certain to be vetoed by President Bill Clinton because it would abolish his prized Goals 2000 education programme.

## West has last word in Russia

Chrystia Freeland reports on a linguistic invasion by 10,000 English words

After painstakingly puzzling out Russia's Cyrillic script, foreign visitors these days are likely to discover that the exotic alphabet disguises phrases as familiar as *bla blus* (blue jeans) and *komputernye akkessuary* (computer accessories).

Such words are part of an English linguistic invasion which has overwhelmed Russia since the collapse of the iron curtain. An estimated 10,000 English words have flooded into the language over the past decade, creating an idiom which academics have christened *rus speak* (new speak).

In an inversion of the Russian-influenced English spoken by the young thugs in Anthony Burgess's *A Clockwork Orange*, post-Soviet Russians speak the language of Tolstoy and Chekhov spiced with the jargon of Wall Street and Silicon Valley. One of Russia's overnight billionaires might call up his *broker or dealer* (dealer) on his *mobile/line/telefon* and instruct him to buy *finchery* (futures) or to move his *baksy* (dollars, from the slang "bucks") *afshor*. To prevent rivals from discovering these plans, the Muscovite financier might warn his

underlings to erase the *foyl* (file) from the *komputer*. If these precautions fail, some Russian businessmen may resort to the services of a *keller*, or professional assassin.

This enthusiastic borrowing is one of the most striking signs of the social and cultural transformation Russia has undergone since 1991, when it ended 70 years of self-imposed Communist isolation and began the long struggle to build a western-style democracy and market economy. But not everyone thinks the Russian language's warm embrace of the west is good thing.

Nationalists see the current linguistic promiscuity as part of a broader corruption of the essential Russian spirit by malign western influences. The Communist party, which was defeated at the polls last week, has been the most ardent advocate of linguistic purity, but Russia's victorious establishment politicians are also concerned.

The Russian Language Council, which many hope will become a Russian version of the Académie Française, was established late last year. This group of 37 academics, writers

and senior politicians reports directly to the president and is charged with drafting a series of laws to defend the Russian language, possibly including regulations on language use in the mass media and restrictions on non-Russian advertisements in public places.

The second proposal has already been passed as a city bylaw by Mr Yuri Luzhkov, the populist mayor of Moscow. His ban on non-Cyrillic billboards is part of a wider campaign for national authenticity which has also included periodic crusades to convince Russians to abandon colas and Big Macs for *kvas*, a beverage made of fermented bread, and *blini*, the Slavic answer to pancakes, favoured by their ancestors.

The anti-English backlash is part of the ancient tug-of-war between slavophiles and westerners which has racked Russia ever since Peter the Great. In the 19th century, when much of the aristocracy spoke French more fluently than Russian, some of the country's most respected scholars made an unsuccessful bid to purge the language of imported

words like *trousers* (from the French *trous*, or pavement).

The cudgels were taken up again after the second world war by Stalin. Part of a "battle against bowing low before the west", the dictator's war on borrowed words sought to replace terms such as *bulldozer* and *excavator* (excavator) with more long-winded Russian equivalents. After his death, engineers reverted to the old words.

As Mr Leonid Krysin, a professor at the Institute of the Russian Language, explains, "In those times, using banned foreign words could bring political danger; many people were sent to jail." Today, the sanctions are less harsh, but Mr Krysin believes the Russian language faces a more serious threat, by being squeezed out of neighbouring countries where tears and politeness bosses had once imposed their own tongue on their subjects.

"In the Baltics the situation is tragic. Even in Ukraine, a Slavic republic, Russian schools are being closed and Russian is being taught merely as a foreign language, with the same status as English or German," said Mr Krysin.

## Subsidy row over new French sports stadium

By David Owen in Paris

A Paris court yesterday questioned whether French taxpayers should compensate the managers of the new national stadium being built north of Paris for "unexpected events", such as the cancellation of football matches.

The court's ruling annulled a government decision to sign the contract with a consortium to run the Stade de France, on the grounds the document may have broken the government's own rules on subsidies.

But the decision is not expected to affect construction of the 80,000-seat stadium, which is due to be opened in 18 months' time and to host the 1998 football World Cup final.

The FF2.7bn (\$520m) stadium, at Saint-Denis, north of Paris, will have 46 bars, 17 shops and 50 kiosks, as well as three restaurants. It will also incorporate a 300-seat conference room with simultaneous translation facilities and a foyer.

Where the ruling might make a difference is in the handling of unexpected events, such as the scrapping of the Five Nations rugby union tournament contested by France, England, Scotland, Ireland and Wales.

The first official match the stadium is to host is the France versus England rugby union fixture set for February 1998, but England is currently in a dispute with France and the other three countries over a separate television deal signed by England's Rugby Football Union, and may be excluded from the Five Nations tournament.

If the financial mechanism for dealing with such a development were indeed considered an operating subsidy, then it could affect compensation received by the Stade de France Consortium,

which holds the licensing contract.

The ruling, which is the latest in a number of recent judicial interventions on high-profile aspects of French life, may have a bearing on how the holders of the contract are compensated for unexpected developments, such as cancelled fixtures.

According to the government co-ordinating agency dealing with the 1998 football World Cup, to be held in France, the court considered that the contract did not "perfectly respect" rules forbidding operating subsidies.

In particular, the court found that the financial mechanism for dealing with events leading to cancellations "could be interpreted as such a subsidy".

But the government agency said the decision had "no direct effect" on the contract. Nor did it call into question the construction of the stadium. "France will be ready to host the 1998 World Cup in the best of conditions," it said.

The consortium has three shareholders, each with a third of the capital: SGE, which is 80 per cent owned by Compagnie Générale des Eaux, the utilities and communications group; GTM-Entreprise, owned 49 per cent by Lyonnaise des Eaux, another utilities group; and Bouygues, the giant construction company.

Confusion has arisen because of reports in the French press that the defini-

tion of "unexpected events" could include the consortium's failure to find a French first division football team to make its home at the stadium.

Under the contract, the consortium stands to be compensated for such a failure, with the amount put by Mr Pierre Parriot, its chairman, at FF70m a year initially, rising to FF75m.

But Mr Noël de Saint-Pol, the inter-ministerial delegate for the 1998 football World Cup, confirmed yesterday that the failure by the consortium to find a resident football club would not be seen as an "unexpected event" for these purposes and was "something different".

A summary of the programme, which Mr Klaus will deliver in full to parliament on the day of the vote, was published yesterday by the pro-Klaus daily, *Mlada Fronta Dnes*.

It targets tax reform, decentralisation and a drive to complete privatisation of the banking and energy sectors during the government's next term. Until the latest row it was thought likely to win CSDD support.

A political solution to the dispute will now have to be found. Analysts said it was not in the interests of either Mr Klaus or Mr Zeman to see parliament reject the programme.

Mr Zeman said he took the decision because Mr Klaus was refusing to make the government's new policy programme available before the vote. He said this breached an agreement brokered by President Václav Havel that called for consultations between the coalition and the CSDD on the content of the programme.

Mr Klaus, whose coalition lost its governing majority in an election six weeks ago and has 99 of parliament's 200 seats, needs CSDD support to win the vote. He said the postponement delayed a return to stability after weeks of political deadlock.

Mr Zeman said it was "beneath the dignity of the Speaker of the House" and "an insult to all deputies" to have to vote on something they had not seen in advance.

The decision is an indication of his determination to assert parliament's newly won power over the government. It also highlights the problems Mr Klaus will face, during his government's second term, in dealing with the opposition-controlled parliament.

Mr Klaus was to have put the finishing touches to the programme with his new cabinet yesterday, but delayed doing so because of the postponement. He accused Mr Zeman of taking his decision unilaterally, "contrary to a clear decision of the organisation committee", a body governing the conduct of parliament.

Mr Zeman in turn accused the government of leaking the policy programme to the press while withholding it from MPs.

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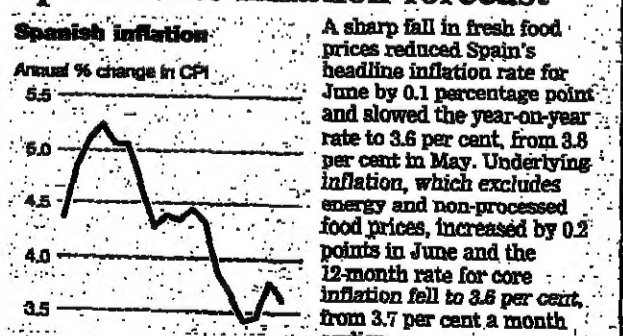
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Economists said that the decline reflected weak demand in a sluggish economy but that it should allow the central bank to continue cutting interest rates. *Reuters, Paris*

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## Japan weighs plan to lift economic controls

By William Dawkins in Tokyo

The Japanese cabinet yesterday adopted an outline package of economic deregulation steps, including the full liberalisation of stockbrokers' commissions and the lifting of controls on rail freight charges, but then sent them to ministries for further study.

The package of six proposals was prepared by Mr Shusei Tanaka, the director general of the government's Economic Planning Agency, who has pledged to shift more power from the bureaucracy to politicians.

However, ministries are keen to protect their own power and are expected to delay their responses to the package at least until after the next general election, likely to be late this year or early next, political analysts said.

Mr Tanaka, a senior member of the New Horizons party, the smallest member of the three-party government coalition, argued for faster reductions in the number of government controls to increase Japan's long-term

economic growth capacity. Failure to trim regulations would leave the government no choice but to continue to pump fiscal spending into the economy, at a time when the budget deficit is threatening to swell out of control, he said.

"It would be just like postponing necessary surgery, which cannot be very good for your health," he said.

The plan includes the abolition of restrictions on new telecommunications services; allowing services to supply telephone calls, television and radio on a single line; full liberalisation of stockbrokers' commissions on share sales; and the abolition of tax on securities transactions.

Also included are proposals to lift government controls on job placement agencies and rail freight charges. Mr Tanaka argued that these steps should be adopted together, as a package, so that the competitive shock would be evenly shared.

Political observers thought it unlikely that the ruling Liberal Democratic party, which retains intimate relations with the civil service, would embark

on any significant economic deregulation before the general election. "We should expect policy paralysis, beyond tackling immediate problems," said Mr Dan Harada, a political consultant.

He believed Mr Tanaka was seeking to broadcast his own commitment to deregulation to strengthen his credentials in the run-up to that election, and possibly to prepare a bid to oust the present leader of the NHP, the unpopular Mr Masayoshi Takemura.

Mr Tanaka is a prominent reformer, having been chief adviser to Mr Morihiro Hosokawa, the former prime minister who in 1993 headed the first non-LDP government in nearly four decades.

There was, however, a chance after the election that some of Mr Tanaka's proposals might be taken up, said political analysts. "Deregulation remains a popular and vote-winning catchword," said Mr Jesper Koll, head of market research at J.P. Morgan in Tokyo.

"How much will be delivered is another question."

## Tribe musicians want Olympic glory

By Laura Tyson in Taipei

Mr Difang and his wife, Inyay, are elders of the Ami tribe, one of Taiwan's aboriginal minority groups that migrated from south-east Asia thousands of years ago. They spend their days raising and tending rice paddies on their modest farm in Taitung, on Taiwan's east coast.

The couple, aged 76 and 74, have lately become world-famous pop music singers, but say they have received neither credit nor compensation for their talents. In lieu of either, they are asking to be invited to perform a traditional Ami song at this year's summer Olympic Games, opening in Atlanta on July 19.

The couple have long been recognised among the Ami people for their powerful performances of tribal songs passed from generation to generation by oral tradition. Then, in 1993, the European pop group, Enigma, led by Mr Michael Cretu, released an album

whose second track sampled vocals from a 1988 academic recording made by the couple in France. The single, "Return to Innocence", became a hit, selling about 5m copies.

More recently the tune has resurfaced as the background music to a commercial promotion by the International Olympic Committee, broadcast repeatedly on CNN International to promote the Atlanta Olympics.

"We are not seeking money or revenge," said the sun-browned farmer, who with his wife shared tea and betel nut with guests in the Taitung office of local assemblyman Mr Lin Cheng-er. "All we want is recognition and respect for our culture and for our people."

"For many years we have been performing traditional Ami songs in Taiwan and also overseas. We have never taken money, we only sing to give people pleasure," said Mr Difang, who is called Mr Kuo Ying-nan in Chinese. "This song does not belong to us; it is

## A Taiwanese couple have found the traditional Guest's Song of their tribe is an international hit

part of our culture and our heritage. We don't want our traditional song to be used casually by foreigners as a commercial product."

Mr Difang and his wife say they have never been consulted on the use of their vocals for either the Enigma album or the commercial. Neither they nor the Maison des Cultures du Monde, which made the original recording, were listed in the album credits. It is not clear whether the Maison des Cultures du Monde received payment from Virgin Germany, Enigma's recording company, now owned by Thorn EMI.

In a case which highlights the difficulties of ascertaining ownership and usage rights for folk music, a Taiwanese recording company, Magic

Stone Records, has taken up the elderly couple's cause. A law firm has been retained to investigate the complicated case, which spans nine years and five countries.

The Ami song used in "Return to Innocence" is known as "Palafang", or "The Guest's Song", and is traditionally sung over dinner and rice wine with friends and neighbours after a hard day's work in the fields. Mid-meal, the guest of honour begins to sing. The host and other diners then join in the song of celebration, which like many other Ami songs is a melodic chant whose words have no meaning. It is often accompanied by dancing.

This is not the first instance in which Enigma has been embroiled in an unauthorised use case. In 1991 Enigma set-

ted out of court a suit brought by Kapelle Antiqua, a Munich-based choir, which recognised recordings of its Gregorian choral works on the group's earlier best-selling album. The choir sued for damages, charging infringement on "right of personality" for recordings made in the 1970s.

In this latest case, Virgin Germany and Enigma have not been able to comment.

Mr Robert Sandall, a spokesman for Virgin Music UK, said that in general Virgin were extremely concerned that rights were established in such cases. "Virgin are scrupulous in clearing the use of samples. There's no intention on our part to deny any rightful credit that may be theirs," he said.

Mr Difang said he hoped he would have the opportunity to share the Ami song "Palafang" as a guest at the Olympics. "I want the world to learn about the Ami tribe of Taiwan, to enjoy our music and respect our culture," he said.

## Hong Kong gets ready to celebrate

By John Riddling in Hong Kong

After months of wrangling between its present and future rulers, Hong Kong may soon be able to prepare for the biggest event in its history.

Xinhua, the official Chinese news agency, yesterday released a list of proposed festivities to mark Hong Kong's return to China on July 1 next year. The list, which ranges from a cultural show to a car parade, raises the prospect of a celebration rather than a solemn ending to what China views as a period of colonial humiliation.

"Maybe we won't just be standing in the corner with a glass of wine before handing over a surrender notice," says one British official, referring to the stand-off with China over the form of handover.

Cautious optimism has been spurred by China's senior leaders. Mr Li Peng, the Chinese premier, recently signalled an end to bilateral bickering, proclaiming that Beijing had no objections to a "glorious or honourable" British withdrawal.

For its part, the Hong Kong

China's year-on-year retail price inflation fell to 5.9 per cent in June, well below economists' expectations, raising the possibility that gross domestic product figures may be out of line. Sophie Roell reports from Beijing.

One Beijing economist said the unusually low figure reflected weak overall demand in the economy and called this "inconsistent" with GDP growth figures - reported at 10.2 per cent in the first quarter of 1996 on an annual basis.

However, a good harvest last year and the consequent easing of pressure on food prices also played a large part in bringing down

planners are edging towards a green light for what promises to be a tourism bonanza.

This would be a relief for Mr Peter Leung, head of the government's co-ordination office for the handover ceremony. Established in April with an initial budget of HK\$6m (US\$775,000), his team have been sitting at their desks waiting for something to co-or-

porate. "People have years to arrange the Olympics or a royal wedding," says one public relations executive. "They must be getting a bit edgy."

Some events are already being prepared for. The Prince of Wales, Baroness Thatcher and the royal yacht Britannia are likely to be in port. Less likely is a proposal by one mainland company to fire flying dragons across the border.

Mr Raymond Wu, convener of the celebrations subgroup on the Preparatory Committee, the Beijing-backed body overseeing the handover, cites several possibilities, including Luciano Pavarotti, the opera singer. "We want to send a signal of Hong Kong as cosmopolitan city," he explains.

Not will it be over when the fat man sings. CSS promotions, an events sponsorship company, is arranging festivities for the months after the handover. One plan is a flotilla of giant barges cruising around the harbour with computer-controlled lights shows. Even at a cost to corporate sponsors of more than HK\$1m each there is healthy demand.

"Companies want to demon-

strate their long-term commitment to Hong Kong," says Mr Dan O'Toole, business development director.

Few question the potential benefits for the tourist industry. But can Hong Kong cope? The media alone will impose a heavy burden. More than 2,300 journalists have so far registered to cover the event, and the final figure is expected to be in excess of 5,000. The Peninsula Hotel has been booked solid since 1993, while many of its rivals have waiting lists in the hundreds or thousands.

Hotel occupancy is already close to 90 per cent and the number of official hotel rooms is only expected to rise from 33,380 to 34,944 over the next year. One idea was to bring in cruise ships as floating hotels, but that was scuppered by the complications of ensuring full compliance.

Social talk is already turning to letting out rooms to cater for the expected flood of arrivals. As one businessman puts it, "With the handover, as with anything else here, the one thing you can be sure of in Hong Kong is that people will make money."

## Triple hanging prompts human rights protest

By William Dawkins

Japanese human rights groups yesterday protested against the hanging of three convicted murderers, seen as the latest evidence of a tougher Justice Ministry line on capital punishment.

These are the first executions under the seven-month-old administration of Prime Minister Ryutaro Hashimoto. They bring to 18 the number of hangings in just over three years, of which six took place last year. There were no executions in the previous three years and four months to March 1993, when the present run began with three executions.

The latest capital punishments have rekindled a perennial debate over the death penalty at a sensitive time, during the trials of senior followers of Aum Shinrikyo, the religious cult, charged with masterminding last year's lethal nerve gas attack on the Tokyo subway. A citizens' rights group in Fukuoka, where two of the hangings took place, yesterday filed a written notice at the prison where the two men were held.

Mr Shimichi Ishizuka, a criminal law professor at Kyushu University, pointed out that these latest executions took place unusually soon after sentencing, at least by Japanese standards - 10 years, in the case of one man. Mr Ishizuka believed this was a deliberate demonstration of Justice Ministry toughness, to pave the way for Draconian treatment

of cult members convicted of capital crimes.

Japanese executions are carried out in great secrecy, for which the ministry has come under some criticism. Those sentenced to death are allowed no visitors and given no clue when the sentence will be carried out, so that they are allowed to fear that every day might be their last. The ministry makes no public announcement of executions, beyond informing relatives, after the event, by telephone.

After these latest hangings, 55 people remain on Japan's death row, according to Amnesty International's Tokyo office. Of those, 40 are awaiting the results of appeals, very rarely granted in Japan's judicial system.

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## Suu Kyi turns down offer of exile

Burmese opposition leader tells Ted Bardacke of a determination to reach goals

Foreign investors have begun leaving Burma, but Ms Aung San Suu Kyi, speaking from the residence where she spent six years under house arrest, is adamant that she is staying. "I'm not going anywhere, except towards my goals."

The country's military regime would like the opposition leader to take a cue from two of the world's largest brewers, Heineken of the Netherlands and Carlsberg of Denmark, which decided this week to withdraw from the country. If she did agree to be exiled, the military says, talks on a political reforms would begin.

"The door is always open," says Ms Suu Kyi. However, she insists that dialogue between her National League for Democracy (NLD) and Burma's military regime be "substantive" and conducted on "the basis of equality."

Her "goal", transition to democracy and civilian rule in Burma, appears as elusive as ever. The basic problem is that the State Law and Order Restoration Council, or SLORC, as the military regime which took power in 1988 is known, shows no sign of wanting to talk with Ms Suu Kyi or the NLD.

Ms Suu Kyi says that does not have to be so. She says there are no preconditions for dialogue with the military. A fresh parliament, possible transitional government, the future role of the military, even her own personal participation in any negotiations, are all on the table.

"The question about parliament is certainly part of any dialogue, but I think we want to discuss more basic matters."

Ms Suu Kyi can claim a victory this week in the decisions by Carlsberg and Heineken. She has encouraged an international boycott of investment and



Suu Kyi: "The door is always open"

tourism, and her lead has been followed by campaigners in Europe and the US who have applied pressure on multinationals.

But the possibility of a political victory at home remains remote, according to a leading Burmese political analyst familiar with the SLORC.

"The two basic things Suu Kyi wants, the acceptance of the NLD's 1990 election victory as a symbol of legitimacy, and a parliament where the military does not have veto power, are the two

things that the military will not accept. The future is very gloomy," the analyst said.

Instead the regime has used the increasing international pressure on the regime to denounce the democracy movement as a tool of "foreign interests", and drafted its own version of a new constitution that guarantees the military a "leading" role in national politics.

With foreign investors having second thoughts, the value of the local cur-

rency falling by one-third in the past two months and diplomatic pressure increasing, any criticism is taken as a challenge.

The regime holds daily ceremonies, backed by crowds of students and government employees forced to attend, where huge billboards are unveiled. "Oppose those relying on external elements, acting as stooges, holding negative views... oppose foreign nations interfering in internal affairs of the state. Crush all internal and external destructive elements as the common enemy," the billboards read.

"The military will settle with anybody but on their terms and their terms only. They find it hard to deal on a substantive level," says one diplomat. "These are people from a different era who lived in isolation for decades. Even in private conversations with people they need things from, friendly suggestions make them uncomfortable."

Yet on a day-to-day basis the military remain firmly in control of the country. Ceasefire agreements with ethnic groups continue to hold in the provinces, and many investors still come to do deals with the military. Since widely publicised detentions in May, many of the NLD's strongest activists have gone underground or curtailed their activities.

Ms Suu Kyi continues to preach patience, believing that the situation could last forever and hoping that the military will relent.

"The impetus for dialogue will come when they realise that dialogue is not for the good of the NLD but for the good of the nation," she says. "But it's very difficult for military minds to grasp the fact that dialogue is meant to achieve an answer acceptable to all sides."

## US-Canada row erupts over satellite TV

By Bernard Simon in Toronto

A group of US satellite broadcasters, supported by the Clinton administration, has urged the US Federal Communications Commission to block licence applications from two prospective rivals on the grounds that their signals will be beamed from Canadian satellites.

The FCC is due to decide by next Monday on the applications by Western Telecommunications (WTC) and TelQuest Communications (TQC) for satellite TV services. WTC is a subsidiary of Tele-Communications, the biggest US cable TV operator. With all slots on US satellite taken by existing broad-

casters, the two companies have turned to Telesat Canada, which is owned by Canada's local telephone companies.

Telesat, which is seeking to expand outside Canada, has offered WTC and TelQuest slots on two new satellites, the first of which is due to be launched in November. The commercial viability of the new satellites, which are expected to cost about US\$1.2bn, depends heavily on the deal with WTC and TelQuest.

But four US government departments asked the FCC earlier this month to defer its decision on trade and competition policy grounds. Their

objections include Canada's restrictions on direct-to-home TV broadcasts from US satellites and local content requirements for TV and cable broadcasters.

The departments said in a letter: "Even if Canada were to allow US satellites to offer direct-to-home (DTH) service to Canada, Canada's content restrictions would prohibit a US DTH provider from offering its service."

According to Mr Scott Harris, a Washington lawyer who until recently headed the FCC's international bureau, a go-ahead for WTC and TelQuest would open two markets to Telesat Canada, while US

operators could serve only one. "It's a competition problem," Mr Harris said.

The US is currently negotiating a deal with Mexico that would enable satellite operators to sell slots to companies in either country. But there is no such arrangement with Canada, the third member of the North American Free Trade Agreement (Nafta).

Ottawa has approved the use of two of Canada's six satellite broadcast slots for the TelQuest and WTC services. But it has laid down several conditions, including that the deal must be approved by the FCC.

Canadian officials contend that the Telesat deal is a com-

mercial issue, distinct from protection of Canadian culture. They maintain the existing US satellite broadcasters are trying to use Canada's cultural policies as an excuse to keep two potential rivals at bay.

The satellite issue is the latest in a number of disputes involving US complaints against Canadian cultural policy.

A US country-music TV network was forced to give up its licence last year to a Canadian-owned operation. Earlier this year, Ottawa blocked a deal to set up a book retailing chain in which Borders, a big US bookseller, would have been a sizeable shareholder.

WEEKEND BUSINESS	
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# Appeal for lifting of beef ban rejected

By Lionel Barber in Brussels and George Parker in London

The European Court of Justice yesterday rejected the UK government's appeal for an immediate lifting of the European Union's worldwide ban on British beef exports.

The court ruled that the European Commission had been right on health grounds to impose the embargo, despite hardship to the beef industry caused by the consumer scare over BSE, or mad cow disease.

Sir Nicholas Lyell, the UK attorney-general, said the interim ruling was "disappointing". He vowed to pursue the case against the ban imposed on March 27 after the govern-

ment said there could be a link between BSE and the human brain condition, Creutzfeldt-Jakob disease.

In Brussels, the Commission said it was satisfied that its decision to block all British beef exports had been vindicated.

"We have said many times that it was justified on health grounds. Many arguments which the Commission put forward are in the court judgment," said an official.

Britain's decision to seek redress at the court was part of a campaign to overturn the ban which involved blocking about 75 decisions in the EU Council of Ministers. This action triggered the most serious

crisis between Britain and its EU partners in 20 years.

At the European summit in Florence last month, EU leaders defused the crisis by agreeing to a step-by-step lifting of the ban, but only after strict monitoring by two committees of veterinary experts and Commission approval.

The EU also agreed to consider British requests for sales to third countries on a case-by-case basis. Commission officials stressed that this commitment was unaffected by yesterday's ruling, but the government has not so far lodged any requests.

The spotlight now turns to the issue of how quickly the embargo will be lifted. Britain

wants movement by the autumn, but Germany risked this week being taken to court for extending indefinitely a national ban on beef by-products. The EU has begun easing the ban on bull semen, but the UK has still to satisfy the commission on the safety of tallow and gelatine.

Many officials in Brussels believe that if the court had ruled in favour of the UK, other member states would have reimposed national laws prohibiting the import of British beef, despite the risk of violating the single-market principle and free movement of goods.

Mr Douglas Hogg, the UK agriculture minister, predicted

two days ago that the court would lift the ban on exports to countries which did not export back to the EU. Such a relaxation would have reopened export markets in 70 countries which previously imported British beef, including South Africa.

Mr John Major, the UK prime minister, on a visit to his Huntingdon constituency, described the court's interim judgment as "very disappointing and frankly rather surprising". The ruling sparked an outcry from Conservative Euro-sceptic MPs. Mr Bill Cash, MP for Stafford, said: "The court has blatantly ignored the realities of the position and is behaving in its usual manner."

## Mandela hailed by adoring masses

By Mark Szarmen in London

It was the day the folk hero came to their part of town. Nelson Mandela, erstwhile revolutionary, and political prisoner turned world statesman, came to Brixton, the heart of London's black community, and the streets erupted.

The noise was deafening hours before he arrived. Reggae music mixed with children singing. Steel drummers banged away enthusiastically in one corner of a cavernous hall while a dozen male dancers, dressed in imitation war paint, bounced loudly up and down in the other.

Suddenly, for one brief moment, Brixton recreation centre was silent as a door opened on the balcony and a tall elegant figure stepped through. "Nelson, Nelson," the crowd roared.

South Africa's president grinned his famous smile and waved back.

It was a world away from Buckingham Palace, where his working day had begun not long after dawn, with an interview with the Financial Times, an audience with Baroness Thatcher, and breakfast with Archbishop Trevor Huddleston, veteran of the anti-apartheid struggle.

"I feel like an old battery that has been recharged," he said. "It has been fantastic."

"I did expect a warm reception, but not to the extent to which it has occurred. It has passed my wildest expectations."

On the last morning of his four-day state visit to Britain, Mr Mandela eschewed formal receptions. Instead, he chose Brixton and Trafalgar Square to mingle with the masses.

The residents of the predominantly black south London district of Brixton had never had such a distinguished visitor. They were determined to greet him in style.

Dressed in one of his trademark brightly coloured shirts, Mr Mandela was visibly moved by the emotion of his welcome. Looking out over two vast balconies rainbows and numerous portraits of himself, he proclaimed Brixton, London, and especially Brixton as "the heartland of the anti-apartheid struggle."

"We love you, we love you," came the return cry from the crowd, many brandishing South African flags. Not to be outdone, Mr Mandela waved them silent. "I love each and every one of you here today," he said, before being ushered out by Prince Charles.

"It's the greatest day of my life," said Tom Richards, a decorator and long-time resident of Brixton, who had taken the day off work after becoming one of the lucky few to get tickets to the ceremony. "He is a truly inspirational hero."

When the Mandela magic moved on to Trafalgar Square, an equally enthusiastic but more restrained crowd poured out more adulation. Mr Mandela shook more hands, and gave a dignified farewell address from the balcony of South Africa House, long the scene of anti-apartheid demonstrations. It was the message of Brixton over again: "I wish I had big pockets so that when I leave I could put you all in and take you back to South Africa."

Additional reporting by Justin Moroz

## UK NEWS DIGEST

### Threat to mail monopoly made

The UK government threatened to suspend the Royal Mail's monopoly of postal services yesterday in response to the industrial dispute involving 130,000 postal workers.

Mr Ian Lang, the trade and industry secretary, wrote to Sir Michael Heron, the Post Office chairman, asking for his views on the proposed move, although his department stressed last night that no final decision had yet been taken on whether to proceed with the suspension of the monopoly. "The minister is proceeding with the suspension of the monopoly," said a spokesman. The government is under particular pressure to act from companies engaged in large-scale direct marketing, much of which is undertaken by conventional letter post.

Yesterday's move is the start of a required period of consultation.

The Department of Trade and Industry stressed last night that any suspension would not be permanent because that would mean changing the law. The suspension would end after the dispute was over. Governments have suspended the letter service monopoly twice before - for some weeks during the 1971 postal workers strike and briefly and selectively in 1984 in an unofficial dispute to allow delivery of political mail in the European election of that year. Robert Taylor, London

## NUCLEAR PRIVATISATION

### British Energy short of target

The British Energy privatisation was last night expected to raise between £1.45bn (£2.2bn) to £1.47bn, around \$500m short of the government's original hopes for the sale of nuclear power. The last phase of the government's privatisation of the British electricity industry has been dogged with controversy about nuclear safety and the outlook for the profitability of British Energy.

Against this background, BZW, the stockbroker co-ordinating the sale, said it was "very happy and pleased" with the way the sale had gone. Yesterday afternoon the offer to professional investors closed. This set the price of the issue and is understood to have been oversubscribed.

The government and its advisers will set the price of the issue this weekend in preparation for British Energy's listing on the London Stock Exchange on Monday.

The share offer is in two parts: an initial payment of 100p (105p for institutions) followed by another payment, to be determined this weekend on the basis of accepted bids from big investors, in September 1997. Simon Holberton, London

## SHARE SETTLEMENT

### Crest system given clearance

The Securities and Investments Board, the main regulator for the City of London, has approved Crest, the new electronic share settlement system for London. The move will enable Crest to start operating as planned on Monday. SIB approval came after last-minute negotiations on the degree of financial liability of registrars of shares if they fail to register share transfers within the two hours specified in their contracts with Crest.

SIB said that it had approved CrestCo, the operating company jointly owned by 60 financial institutions, as the operator of a computer system for transferring ownership of shares. In addition to this, it had also recognised CrestCo as a clearing house.

John Gagger, London

## AIRPORTS

### Passenger numbers reach 8.9m

BAA, the airports group, saw passenger numbers increase 4.4 per cent in June to 8.9m compared with the same month last year.

Cargo tonnage rose by 6.5 per cent; long-haul and domestic traffic both increased by 8 per cent. However, European charter traffic fell by 10 per cent. BAA said that large tour operators had scaled back their bookings this summer, after experiencing a drop in demand last year.

The figures mean that in the year to June, the number of passengers travelling through its airports advanced 5.6 per cent to 94.5m. Geoff Dyer, London

## GAMBLING INDUSTRY

### Lottery rivals change format

Britain's football pools coupons are being downsized in an effort to compete with the National Lottery. From August 17, Britain's three pools promoters - Littlewoods, Varnam and Zetters - are cutting the number of matches on their coupons from 58 to 49.

Pools is a longstanding form of gambling in the UK requiring the participant to predict the outcomes of soccer matches. Littlewoods, which accounts for 75 per cent of pools turnover, said the reduction would cut the odds against winning a £1m jackpot from 6.5m-to-1 to 5.2m-to-1.

The pools companies are badly in need of a boost. The Pool Promoters' Association estimates that annual turnover will have plunged 26 per cent to \$552m in the 12 months to July 31. This would follow a 12 per cent fall in 1994-95, the year in which the National Lottery was launched.

Littlewoods said the new coupon should reduce the number of weeks in which the top dividend was widely shared because of numerous score draws.

The dream of a jackpot, even at long odds, drew more customers than the prospect of frequent, smaller wins, the company said.

Clay Harris, London

## Auction for places on insurance market's syndicates sees high prices

### Names bid high to stay at Lloyd's

By Ralph Atkins, Insurance Correspondent

Lloyd's of London Names who have survived the insurance market's worst years of losses are alive and well - and bidding high for their long-term survival.

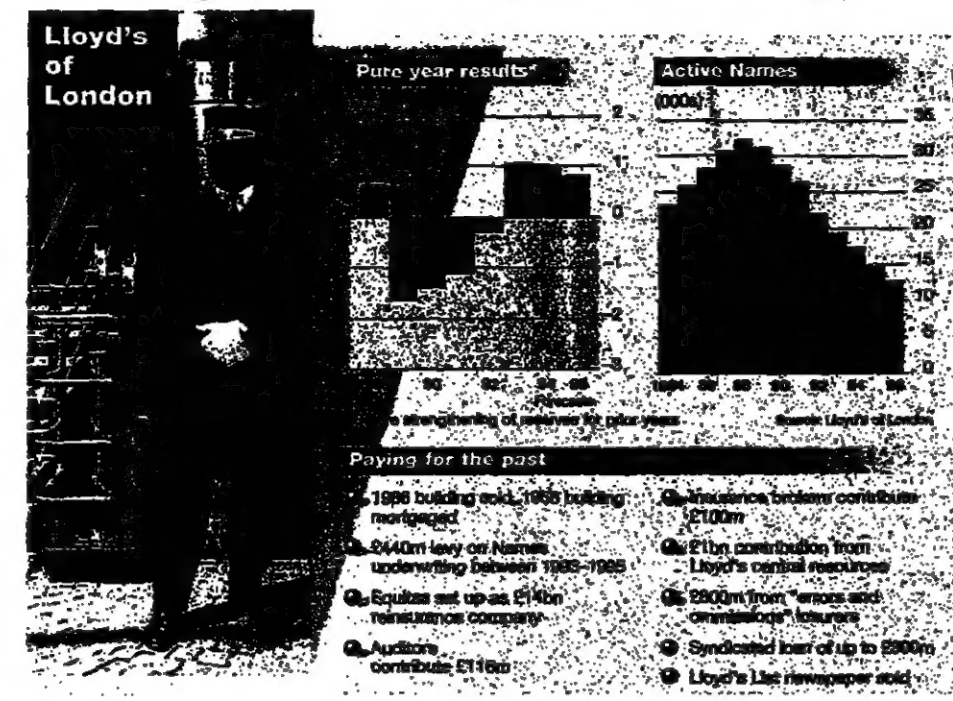
Appetites for Names - individuals whose assets have traditionally supported the market - for underwriting into 1997 are surprisingly strong, according to the results yesterday of the first of this year's auctions for places on Lloyd's syndicates.

Demand was far higher than at the same point last year - and prices paid for places were on average almost twice as high. The results suggest that, in spite of earlier expectations, many Names plan to stay on once Lloyd's has implemented its recovery plan this August.

"You may have expected them to be running for the hills, but it's not so. They actually want to stay here," said Mr David Rowland, Lloyd's chairman. "The decline in Lloyd's membership next year, he said, "is likely to be really quite small".

Part of the explanation is the tax position of Names and the difficulties in unwinding Lloyd's affairs. But another strong reason is the market's improved profitability, as shown by the £1.084bn (£1.68bn) profit reported yesterday for 1993.

Mr John Stace, the chairman of the Stace Barr Wellington Lloyd's agency, predicted that



the number of underwriting Names would fall next year to about 10,500 compared with 12,950 this year and "a lot of Names who stay on may be seeking to enhance their participation in the market".

However, the Names' resilience is likely to heighten tensions at Lloyd's between the different types of investors. Many underwriters at Lloyd's prefer the new, limited liability, corporate investors which have pumped £1.5bn into the market in the past three years.

Underwriters dislike the system by which Names commit funds only a year at a time because it is expensive and creates uncertainty.

Mr Rowland said some Names might in future use the Scottish limited liability partnership system that allows the creation of legal entities which could become Lloyd's members.

Yesterday's auctions were the first of eight planned this year. The amount of "capacity" - a measure of the insurance

business that can be underwritten - transferred was \$47m, compared with \$11.2m in the first of the four auctions held last year. The value of capacity auctioned was \$1.2m against \$400,000. The highest price paid was 20p per pound of capacity compared with 11p last time.

Auctions were introduced last year to replace the traditional system of Names relying on their agents' personal contacts to obtain places on the best syndicates.

## Bank offers to buy new royal yacht

By George Parker, Political Correspondent

Lloyds Bank has offered to buy a new £80m (£124m) royal yacht for the Queen, under a lease-back deal in which the UK government and business would pay an annual charter fee for using the vessel as a floating trade stand.

The offer might help to break the deadlock in the long-standing dispute about whether the current yacht Britannia should be replaced when it is taken out of service next year.

Sir Donald Gosling, the British car parks mogul, hopes the Lloyd's plan will help to revive his dream of building a new luxury ship to fly the flag for British exports during royal visits overseas.

Mr Michael Heseltine, the UK deputy prime minister, has been disappointed by the level of City of London interest



Royal Britannia: an artist's impression of the yacht that Lloyd's Bank may buy for the sum of £80m

towards funding a new royal yacht, and the government is reluctant to foot the bill itself. But the offer from Lloyd's Leasing, a subsidiary of the bank, would allow the government to defray the costs over 20 years.

Sir Donald said he believed the annual charter fee for the yacht would be about £5m.

"I desperately believe that the nation needs a new royal yacht," he said. "We know from experience that wherever Britannia goes, she brings in export orders."

Conservative party MPs are becoming increasingly angry at the government's failure to say whether the 40-year-old Britannia will be replaced

when she is withdrawn from service next year.

Mr Nicholas Soames, the armed forces minister, said suggestions that the government had been dithering, but added: "We must consider carefully whether the expense of a new yacht can be justified."

Lex, page 24

## Hollywood boosts Scottish tourism

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Publicity stemming from Hollywood films about Scotland has helped increase the amount spent by tourists there.

Last year there was a 7 per cent increase to £2.2bn (£3.4bn). This reversed a decline of 8 per cent the previous year.

The Scottish Tourist Board, which released its annual report yesterday, said that one-third of Americans contacting the board had seen the films *Rob Roy* or *Braveheart*. Of those who went to Scotland after receiving material from the board, 50 per cent said the films had increased their interest in visiting Scotland.

A decline in spending by English visitors was halted with an 11 per cent increase to £204m, while expenditure by visitors from outside the UK increased 9 per cent to £265m. However, the amount spent by Scottish tourists fell to £423m from £442m.

Mr Reid called for sustained funding, increased investment and higher levels of service.

Mr Derek Reid became chief

## Labour party ready for election fight

The ruling Conservatives face a determined opposition with refashioned policies

British general election campaigns are traditionally brief affairs, particularly compared with their US equivalents. Yet last week, the opposition Labour party launched what amounts to an election manifesto almost a year before the most likely date of the poll.

Labour's impressive state of preparedness is testimony to the remarkable transformation of the party during 17 years in the political wilderness - and to its determination to avoid a fourth successive defeat. The party was elected from power by the Conservative party under the leadership of Mrs Margaret Thatcher, in 1979 after a period of trade union militancy and disruption known as the "winter of discontent".

The results of a long succession of opinion polls suggest the chances of another election defeat for Labour are slim. The Conservatives have trailed by so far so long that many senior figures in the party privately admit that a miracle

would be needed to save it. Mr Tony Blair, the 43-year-old lawyer who took over the leadership in 1994, has imposed unprecedentedly tight central control over the party, while ruthlessly ditching policies he sees as potential vote losers.

Now presented as firmly in the political centre ground, today's Labour is a far cry, for example, from the unashamedly socialist party that contested the 1983 election, when it was led by Mr Neil Kinnock, now European Union transport commissioner. Then the party stood on a high tax, high public spending platform, believing it could trade higher inflation for faster growth while advocating nationalisation, import and exchange controls and nuclear disarmament.

Now it paints itself as more financially responsible than the Conservative government, pledging to work within existing budgets and to "save before we spend". Last week's *Road to the Manifesto* document says Labour no longer believes there is a trade-off between inflation and unemployment.

"The priority must be stable, low-inflation conditions for long-term growth." On tax, the document promises there will be no return to the "penal tax rates" under Labour in the 1970s. But there are no specific tax proposals other than to impose a "windfall" levy on the privatised utilities that Labour hopes will raise £3bn (£4.6bn).

The party says it will not produce more detailed tax policies until nearer the election which, given the rapidly deteriorating state of the public finances, even its critics are beginning to concede is wise.

On industrial policy, Labour's conversion has been equally dramatic. There are no commitments to renationalise any privatised industries, and the party's previous interventionist enthusiasm will be replaced by "limited and specific co-operation" with industry. The party will not repeal restrictions placed on trade union powers by the Thatcher-led Conservatives in the 1980s.

A former member of the Campaign for Nuclear Disarmament, Mr Blair has now committed Labour to retaining the UK's four Trident nuclear submarines. He has also

declared that he would be prepared to push the nuclear button.

In terms of international relations, the main difference between the parties is in the attitude to the EU. Labour adopts a much more pro-European line, but it stresses: "Our vision is not that of a federal superstate, but an alliance of independent nations choosing to co-operate with one another."

On the question of the single currency it says a decision to join "must be determined by a hard-headed look at its economic practicalities". The question would be put to the people either through a referendum or a general election.

Labour would reverse the UK's opt-out from the Maastricht treaty's social chapter on workers' rights and would also introduce a national minimum wage. Although it has signalled that this would be set at a low level, the Conservatives warn that the Labour party will threaten UK competitiveness by importing the high labour and social costs common in mainland Europe.

Mr David Willetts, a government minister and leading

Conservative intellectual, recently accused Mr Blair of wanting to adopt the corporatist, social democratic model on which the rest of Europe is turning its back. Other observers argue that Labour is now more akin to a European Christian Democrat party - Mr Blair makes a greater play of his Christian beliefs than any recent UK political leader.

The transformation of Labour means that in many areas of policy the practical difference between the two biggest parties is narrower than for many years.

The biggest exception is constitutional reform, where Labour has an ambitious programme including removing the vote from hereditary members of the upper House of Lords and introducing a devolved parliament in Scotland with tax-varying powers. This has been the target of a sustained attack by the Conservatives, who have warned it could lead to a weakening of the United Kingdom and could harm inward investment into Scotland.

David Wighton

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## Japan's tearaway starts break-up of the family

Gerard Baker on the reasoning behind LTCB's decision to sell big chunks of its cross-holdings

By the strict standards of Japanese financial institutions, the Long-Term Credit Bank of Japan is proving itself something of an iconoclast. In February, it became the first bank publicly to declare an intention to make itself smaller, at least in terms of its financial assets.

This week, however, LTCB went much further, outlining a plan by which it threatens to storm the very citadel of the Japanese capitalist system.

The system of cross-shareholding, where companies hold each other's equity as a way of cementing their corporate links, is central to the Japanese method of doing business. Inter-company trading is an important element of the system, but its real core and its initial raison d'être was always corporate finance. Banks own more than 24 per cent of all equity on the Tokyo stock exchange.

The LTCB move can be seen as a preliminary step towards the destruction of that system, taking the whole Japanese economy a good deal closer to the US or UK system, where shares are held primarily for investment purposes. The

implications are far-reaching for financial markets, too. The change would free up a much greater proportion of the shares gamely traded on the Japanese stock market, the so-called free float, with enormous implications for prices and valuations.

LTCB officials are anxious to play down such apocalyptic interpretations of their actions. The bank would not be disposing of more than a relatively small proportion of its total shareholdings, at least to start with, it said. Officials specifically denied press reports that up to ¥500bn (\$4.5bn) in equities – a fifth of the total book value of the shares it owns – would be up for sale.

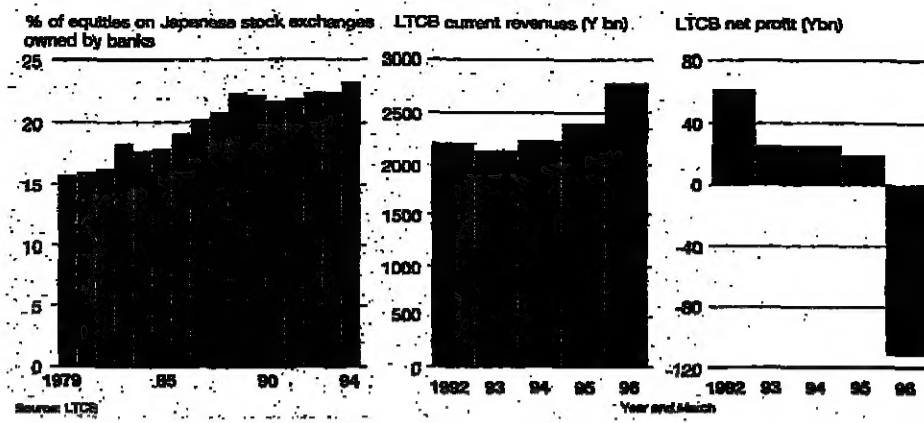
But it was the reasoning behind the decision – whose premises apply equally to all banks – which makes it genuinely ground-breaking. "The decision was taken after we

The cross-shareholding arrangement has been in place for most of the post-war period. Banks sit at the centre of large industrial webs, owning, directly or through affiliated companies, up to a third of the total equity of big companies in the group.

In their turn, those companies all own shares in the bank. It is an arrangement that has produced mutual benefits in the past. Bankers tend to take a longer-term view of their relationship with their customers when they have a large equity stake in them. For the non-financial members of the family that has ensured a stable supply of capital for the financial institutions, it means a steady supply of customers.

But in the past few years, the costs to the banks of holding the equity have grown sharply. Most of the shares were bought in the 1950s and

A luxury the bank could no longer afford



bought back the shares at the market price.

That has not only exhausted most of the hidden capital gains, it has also significantly raised the cost of holding the shares relative to other assets, since the book value of the equities has risen substantially, lowering the yield.

The market value of LTCB's

holding of the shares has diminished. Banks can even

lend money at about 3.3 per cent. "By selling the shares we can redeploy the funds much more effectively," LTCB says.

At the same time the barely tangible value of the cross-shareholding is declining too. Increasingly, big companies depend much less on their group bank for lending, since they have direct access to capital markets. Capital is also

much less scarce than it was in the past. That has led to increased competition for lending among banks. Companies now frequently stray outside the confines of the family for financing at the most competitive rate.

And, from the banks' side, the search for higher margins is leading them to seek more business with smaller companies, many of whom are not directly affiliated with any one

group. "The trend of cross-shareholding is certainly in long-term decline," says an official at one of the largest banks. "We now do much more business than we did even a few years ago with companies outside our immediate group."

None of this means the relationships central to Japanese business will be dissolved soon. Indeed over the past 10 years, despite frequent predictions to the contrary, the proportion of shares held for relationship purposes seems actually to have risen.

But what is now different is that the bad debt crisis of the past few years has forced the banks' hand. They believe they need to start taking a more orthodox, commercial view of the disposition of their assets. That can only result in a significant reappraisal of the value of their increasingly expensive family ties.

### None of this means the relationships central to Japanese business will be dissolved soon. But the bad debt crisis of the past few years has forced the banks' hand

looked carefully at the very poor performance of these assets relative to others," the bank says. The yield on the assets was simply not sufficient to allow the bank to maintain them. They were becoming a luxury the bank could no longer afford.

1960s, when share prices were much lower. In the past few years, banks' bad debt problems have forced them to sell the stocks and use the vast capital gain realised thereby to offset the bad loan losses. But, to maintain the relationship, they have almost always

shares for example is now only slightly more than ¥3,000bn – only about 20 per cent above the book value, compared with a gap of over 50 per cent for most banks a few years ago. With shares yielding an average of only 0.7 per cent at current market values, the attrac-

portions were not outside normal arrangements. "It is easy to criticise it now that it has gone well," he said. "It wasn't so clear a few weeks ago."

However, the three disaffected banks said that, according to long-standing practice in the French bond market, they each should have been allocated between 7 per cent and 10 per cent of the total amount.

Mr Bonette also stressed that the decisions, and the responsibility for the way in which the deal was structured, should be shared equally between Crédit Lyonnais and two other banks,

the US institutions which acted as line managers, Merrill Lynch and Morgan Stanley.

"From the moment they were appointed, all decisions – on pricing, timing, and how it would be launched – were taken by all three," he said.

He suggested it was unjust for Crédit Lyonnais to carry all the blame for the way in which the deal was structured.

Tensions first surfaced between the leading private sector banks and Crédit Lyonnais when the French government last year finalised a rescue package for the latter involving state aid.

## Time Warner in local deal with Ameritech

By Tony Jackson in New York

Time Warner, the US entertainment group, has completed plans to offer local telephone services in the midwestern states of Ohio, Wisconsin and Indiana.

The group said it had agreed with Ameritech, the Chicago-based local phone company, on connecting the two networks so that customers of each company could talk to one another.

Time Warner, the second-big-

gest cable TV operator in the US, will provide the service over its cable network, to both business and residential customers. The company has long-standing ambitions in telephone.

For Ameritech, the deal demonstrates the introduction of competition into its local monopoly. Under this year's deregulation of the telecoms industry, this is a condition local phone companies must meet before being allowed into the long-distance market.

## Crédit Lyonnais rejects bond claims

By Andrew Jack in Paris and Samer Iskander in London

Crédit Lyonnais, the troubled French state-owned banking group, yesterday attempted to counter suggestions that it had broken ranks with normal practice in allocating only a small proportion of its FF400bn (£77bn) securities issue to other French banks.

Mr Lefebvre, head of bank in Paris, said that the measures taken were justified by the fact that a deal of such a size had never been carried out before, nor one in French francs or

with such short-term maturities.

The deal, Cyber-Val 07-96, is the largest bond issue not directly sold by a government.

Two leading French banks – Société Générale and Banque Nationale de Paris – and Caisse des Dépôts, a government-controlled financial institution, refused to participate in the deal when they each were offered only 1 per cent of the total amount to sell to their clients.

Mr Bonette said that other eurozone issues typically allocated only 1 per cent to other French banks and so the pro-

portions were not outside normal arrangements. "It is easy to criticise it now that it has gone well," he said. "It wasn't so clear a few weeks ago."

However, the three disaffected banks said that, according to long-standing practice in the French bond market, they each should have been allocated between 7 per cent and 10 per cent of the total amount.

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## Alizyme falls to biotech bears

By Simon Kuper

Alizyme has become the latest victim of the bear market in biotechnology stocks.

The Cambridge-based company expects to raise only about \$4.5m net – a third of its original target – when it floats on the Aim on Thursday.

The placing price will be 80p – valuing the company at £10.4m – against an initial 150p target. The 8.33m shares issued will represent 48 per cent of the enlarged share capital.

Three weeks ago the com-

pany, founded to develop drugs for obesity and gastro-intestinal disorders, said it hoped to raise £12m-£15m, with a valuation of £20m-£30m.

The market's appetite for biotechnology stocks, particularly smaller ones, appears sated. Analysts say these companies have raised about £300m on the stock market in the first five months of the year, with institutions being asked to invest in five flotations and several rights issues on the main market alone.

Many investors have difficul-

ties valuing biotechnology companies, which make losses but promise profits after several years when their products reach the market.

British Biotech's £145m rights issue, launched last month, was the largest ever in the sector and fully underwritten by Kleinwort Benson. But the demands on institutions have reduced the cash available to support trading in the stocks, accelerating their fall.

The disappointing response to Alizyme's issue follows the postponed flotation of Cam-

brío, a small drugs company. Mr Jurek Sikorski, chief executive of Proteus International, the biotechnology company which raised \$3.4m in a rights issue in April, said some recent cash calls had "not been balanced with much news about products making progress in the clinic".

An adviser to Alizyme admitted its placing would have had more success a month ago, and said the company was happy "to get it away" at all. Alizyme made pre-tax losses of £300,412 in the five months to May 31.

## Proteus produces first revenues

By Simon Kuper

Proteus International, the Macclesfield-based biotechnology company, achieved its first revenues last year.

But the shares, which trade on the USM, fell 5p to 87p aggravated by unfavourable sentiment towards the sector.

Sales from licensing deals in the year to March 31 were £1.1m, which together with research cuts helped reduce pre-tax losses 32 per cent to £5.4m (£7.5m).

Of the licensing income, £1m derived from Proteus' vaccine for prostate cancer, licensed to M.L. Laboratories, the pharmaceutical company. The vaccine is in phase II clinical trials. This week, M.L. has paid Proteus an initial licensing fee, to be followed by milestone payments up to \$4.75m. M.L. hopes to have the product on the market by 1998, but Mr Jurek Sikorski, Proteus' chief executive, said he was "not so optimistic" on the timing.

Proteus has received a £400,000 grant from the Department of Trade and Industry to underpin its DNA-binding drugs programme.

It has 37 employees, down from 110 two years ago. The company intends to move to the main market.

Losses per share fell from 25.47p to 16.49p. Analysts forecast sales of £1.7m, with pre-tax losses of £2.8m this year.

## Societies face the sticky problem of envelopes

Motoko Rich on the preparations for a quartet of conversions

A s four of the UK's largest building societies prepare to float on the stock exchange next year, one of their biggest challenges will be how to deal with the prosaic but unwieldy task of opening envelopes.

"It takes longer to open the envelopes than to process the member application forms for shares," says Mr Tom Morrison, chief registrar at the Royal Bank of Scotland, which will manage the Halifax's share register.

The Halifax float will represent the single largest conversion of share ownership in Britain as some 9m members receive shares.

In addition to opening envelopes, RBS and Lloyds TSB say they have moved on from them. Abbey took its share register in-house in 1994 and has spent more than £2m on computer systems which will handle the introduction of some 1.4m new shareholders in its takeover of National & Provincial, which will be completed later this summer.

Mr Richard Vause, director of receiving banking services at Lloyds Registrars, says: "We have learned considerable lessons from the Abbey conversion in terms of the detail that goes into the planning process. We now control all the operational elements of the process very closely and have people on all sites."

The key to a successful registrar is sophisticated technology. Abbey has developed a document imaging process which allows all its shareholder information to be stored electronically. RBS is using barcodes on all its application forms. Registrars must also

have technology which can accommodate Crest, the new paperless share settlement system.

Prior to a registrar taking over a members list, it is the building society's responsibility to "de-duplicate" its list to make sure there are no repeats among shareholders, who may have more than one account with a society.

The converting building societies have selected their registrars from a dwindling pool. As recently as 18 months ago, there were about 150 registrars. Now there are less than 25, with some of the larger players such as National Westminster selling its business to RBS in 1994 and Barclays withdrawing from the market earlier this year, transferring its customer base to Independent Registrars Group. When Barclays withdrew it said it could not justify heavy IT investment in a low-margin business.

Those who are left in the market say they can use the skills developed as registrars to generate other business. "Our skills can be used in other areas of outsourcing, such as paper handling," says Mr Vause. RBS offers its services to company share option or profit sharing schemes, and runs a cheap dealing service.

"Share registration was traditionally a very reactive industry, but now we are becoming more pro-active," says Mr Morrison.



## British Bloodstock back on firmer ground

The British Bloodstock Agency has moved on to firmer ground in the past year and a sharp improvement in profits has enabled it to pay its first dividend for six years.

Major Christo Philipson, chairman, pictured above with managing directors, Adrian Nicoll (left) and Colin Bothway (right) at Tattersalls July sales at Newmarket, said the group's Irish operations made a significant contribution to the result, with a turnaround into profit.

Major Philipson said an improvement in bloodstock prices was "patchy", while average prices at some of the leading

sales were down on the previous year. Private sales showed an increase however, thanks to the sale of three important stallions to Japan.

There is a final dividend of 1.5p, but in view of the seasonal nature of the business, BBA does not intend to pay interims. As from next month, its shares will be quoted on the Alternative Investment Market.

Major Christo Philipson, chairman, pictured above with managing directors, Adrian Nicoll (left) and Colin Bothway (right) at Tattersalls July sales at Newmarket, said the group's Irish operations made a significant contribution to the result, with a turnaround into profit.

Major Philipson said an improvement in bloodstock prices was "patchy", while average prices at some of the leading

## MBO at Continental Foods

By David Blackwell

Mr David Cioflet is leading a £16.1m management buy-out of Continental Foods, the listed snacks and drinks group.

He will effectively raise his stake in the group from 16 to 20 per cent.

The buy-out will be through CF Holdings, a company established by International Mezzanine Investment. CF Holdings is offering 108p cash for the ordinary shares, which rose 34p to close at 108p yesterday. In addition, it is offering 23p

cash for warrants, totalling £500,000.

Mr Cioflet is concentrating on Continental Foods after selling International Communications, the USM-traded marketing services and database group, which was bought last April for \$3.4m by RR Donnelley, the US printing group. As ICD chairman he fought off an unwelcome bid from PSB Group, the direct marketing concern.

Yesterday, he said he was taking Continental private because the share price had

been weak for the past 18 months, making it difficult to grow the business through further acquisitions. The group would then be refocused.

Continental also reported pre-tax profits of £1.52m on sales of £30.2m, up from a previous £1.09m on sales of £22.8m. The results reflect the first full-year contribution from Red Mill, the savoury snacks business.

Earnings per share were 8.6p (9.6p). There will be no final dividend if the buy-out proceeds.

## Network Tech placing at 114p

Network Technology, the Sussex-based computer equipment group which is planning a flotation on the Aim, is hoping to raise £5m through a placing of up to 4.62m shares at 114p.

Of the proceeds, £3.2m will be used to redeem preference shares, including those held by 31 Group, and £1.8m will be invested in expansion.

After the placing, the company's founders and directors will own 55.5 per cent and 31 will retain 25.5 per cent.



## COMPANIES AND FINANCE: UK

Managing director of holidays division resigns and prepares to make an offer

## Rank puts Shearings up for sale

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Rank, the diversified leisure group, put its coach holiday business up for sale yesterday, only weeks before Mr Andrew Teare, its new chief executive, is to unveil a full strategic review of the company.

Mr Teare promised that the announcement of Shearings' sale was "only a small preview of what we are going to do". Rank indicated that it would have preferred to keep the proposed sale under wraps until August 8. However, the

announcement was prompted by the resignation of Mr Angus Crichton-Miller, previously managing director of the holidays division, who is preparing an offer for Shearings.

Shearings, Europe's largest coach holiday operator, is expected to fetch £75m-£80m. It made operating profits of £8m on £100m turnover last year and has net assets of more than £50m. It has 30 UK hotels which are included in the sale. Rank is believed to have regarded Shearings, which is similar to a tour operator, as peripheral to its resort-based holiday businesses.

Its sale will reduce Rank's collection of businesses to 15 and Mr Teare is expected to streamline it further. He is also expected to cut costs, possibly by restructuring Rank's four main divisions - holidays, recreation, leisure, and film and television.

Analysts speculated that Mr Crichton-Miller's decision to step down indicated disagreement with Mr Teare over plans for the lacklustre holidays division. Its mature businesses, including Butlins holidays and Haven, the caravan park operator, are expected to come under scrutiny as are the new

capital-intensive Oasis Villages, costing up to £100m each. The first of these near Penrith in England's Lake District, is due to open next year but plans for two more by 2000 may be frozen.

Instead, Mr Teare is expected to focus on growing Hard Rock Café, over which Rank gained full control last month through the £410m (£282m) acquisition of cafes it did not own. He may also step up investment in multi-leisure centres and gambling.

The shares suffered a sharp fall earlier this week after a profits downgrade from ABN

Amro Roare Govett, which said the stock was overvalued. It cut its pre-tax profits forecast by £12m to £453m for 1996.

The heads of three of Rank's four main divisions will be changed by the end of the year. Mr Crichton-Miller's resignation follows that of Mr James Daly, former managing director of the film and television division who retired in April. Both had been directors since 1992.

Mr Terence North, managing director of leisure, who has assumed responsibility for the holiday division, is also due to retire at the end of the year.

## Goldsboro bid looks close to failure

By Simon Kuper

Westminster Health Care's £75.1m hostile bid for rival Goldsboro looked close to failure yesterday, when Goldsboro said shareholders holding more than 95 per cent of the company had decided to reject the offer.

Those intending to retain their stakes include Schroder Investment Management, the largest institutional investor with 14.3 per cent, NatWest Ventures, with 3.1 per cent, and management, with 2 per cent. The other 16 per cent belong to institutions which Goldsboro would not name.

Westminster's offer of 54 shares for every 100 Goldsboro shares closed at 1pm on Tuesday. The bidder, which already owns 9.1 per cent of Goldsboro, must now hope to take almost all the approximately 20 per cent of shares owned by private investors and the approximately 36 per cent held by institutions which have yet to show their hand.

Newton Investment Management, the Henderson Administration Group and Scottish Equitable Life all have significant holdings.

Goldsboro's announcement appeared after the market closed yesterday. Its shares were unchanged at 165p, while Westminster's fell 3p to 309p.

An adviser to Westminster said: "Shareholders in Goldsboro will be thinking about what will happen to their shares if the bid fails." Goldsboro shares were trading at just over 120p before Westminster made its offer on June 17.

Mr Pat Carter, Westminster chief executive, said: "I think it's going to be a close run thing, no question." He said Westminster's case had been "well received" by institutions.

Goldsboro said: "We hope that other shareholders who may be wavering will take heart from the fact that the larger shareholders have decided to back the management."

## Lloyd's vehicle to raise £23m

By Jane Martinson

Syndicate Capital Trust, the Lloyd's investment vehicle, is raising £23m net through a 2-for-3 rights issue to fund investments in the new generation of corporate investors in the market.

The company, set up almost three years ago to take advantage of changes in Lloyd's rules which permitted corporate capital, intends to take stakes in integrated groups which combine capital provision with managing agencies.

Mr Justin Whitley, chief executive, said stakes of between 15 and 25 per cent would be taken in the fledgling companies.

The move away from traditional annual funding from individuals, he said, would enhance long-term planning, investment and development.

The issue of 21.6m shares at 110p each is underwritten by brokers Raphael Zorn Hemmley. The shares were unchanged at 115p yesterday.

A small part of the money raised will be used to buy capacity on the new auctions run by Lloyd's.

The company retains a portfolio of about £33m in equity, gifts and cash, which will continue to be used to provide underwriting capital to a range of syndicates.

Under Lloyd's accounting regulations, results of the trust's first underwriting year - 1994 - will not be known until next year. The company reported an 8 per cent rise in net asset value per share to 101.9p in the six months to December 31. Mr Whitley said he had wanted to announce the rights issue before Lloyd's annual meeting on Monday.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends Company dividend	Total for year	Total for year
Avocet Mining	Yr to Mar 31	19.4 (5.5)	2.1 (0.2)	8.2 (0.1)	-	-	-	-
British Bloodstock	Yr to Mar 31	5.8 (5.2)	0.15 (0.08)	2.2 (2.2)	1.5	Oct 7	1.5	1.5
Channel Holdings	13 mths to Apr 30	36.1 (17.5)	2.4 (1.7)	21 (3.5)	0.85	Sep 25	0.75	1.3
Consolidated Hotels	Yr to Apr 30	30.2 (21.7)	1.5 (1.0)	0.21 (0.1)	-	-	2.5	1.15
Dunelm Energy	5 mths to Dec 31	0.225 (0.229)	0.15 (0.151)	0.23 (0.2)	-	-	-	-
Prism Leisure	Yr to Mar 28	27 (23.2)	2.1 (1.7)	17.1 (17.1)	4.37	Sep 6	3.94	5.75
Probus Int'l	Yr to Mar 31	1.06 (-)	5.4 (7.92)	10.4 (11.3)	-	-	-	-
Investment Trusts								
Abolition Trust	Yr to June 30	365.2 (265.3)	27.64 (7.1)	9.41 (0.78)	2.9	Sep 8	2.6	9.2
Amicable Society	6 mths to June 30	184.95 (163.84)	5.12 (3.39)	22.73 (6.55)	1.2	Oct 7	1.4	2.6
General Consolidated	6 mths to June 30	250 (223.2)	7.06 (3.71)	- (-)	3.9	-	3.9	9.58
Millam Investments	6 mths to June 30	74.1 (63.2)	0.88 (0.85)	4.6 (4.2)	4.5	Aug 30	4.5	9
Thames Valley Trust	6 mths to May 31	92.9 (84)	3.29 (3.74)	1.07 (1.22)	0.9	-	0.9	2.3

Figures shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*After exceptional charge. \*After exceptional credit. \*In increased capital. \*After stock. \*In comparative period. \*Comparatives for 12 months.

## Tunstall shares fall on warning

By Patrick Harverson

Shares in Tunstall, the manufacturer of emergency communications systems for the elderly, fell 15 per cent yesterday after the company issued a profits warning because of poor orders in its new security and access control business.

The company warned that pre-tax profits this year would only be about level with the £8.3m in operating profits achieved last year.

Analysts had been predicting profits of more than £10m for the year to September 30, and the shares fell 67p to 310p.

The setback comes only 8 months after Mr Michael Dawson, chairman, told shareholders: "I have never been as confident as I am at the moment about future prospects."

The company said the profit warning was prompted by the decision of some UK local authorities not to order security and access controls. Earlier in the year Tunstall had confidently expected the orders to be made.

Mr Dawson said funding shortages had forced the local authorities to rein in spending on perimeter and building security. He said the group would review whether to stay in security and access controls, a relatively new and non-core business for Tunstall.

However, he said action had already been taken to "rectify" the problems in the business. He would not explain what the action entailed, but yesterday the group announced that Mr Graham Matthews, chief executive of the telecommunications division, had resigned.

Yesterday Mr Dawson pointed out he had admitted at the interim results in May that the performance of some divisions had been disappointing, but said the core business of providing emergency communications for the elderly remained healthy.

## VAI contests espionage allegations

By Andrew Taylor, Construction Correspondent

VAI, the civil engineering group, has applied to Austrian courts for an injunction prohibiting Kvaerner, the Norwegian engineering and ship-building group, from making allegations that VAI had been guilty of industrial espionage.

The Austrian-based group said it had sought a court ruling "confirming the inaccuracy of the allegations that in conjunction with the award of a Saudi Arabian contract VAI or its directors committed a breach of confidentiality, induced third parties to execute a breach of contract or conspired to obtain confidential information."

Kvaerner said last night that it was unable to comment until it had received any writs.

## Scottish TV plans media group

By Raymond Snoddy

Scottish Television's £120m bid for Caledonian Publishing, publisher of The Herald in Glasgow, is part of a move to create a broadly based media company in Scotland.

Mr Gus Macdonald, the Scottish TV chairman, has ambitions to expand in magazine publishing in Scotland and has been talking for some months to Caledonian, which also publishes the Evening Times in Glasgow.

Scottish TV has already published a magazine linked to one of its regional ITV programmes, The Home Show. The magazine is devoted to buying furniture and furnishings in Scotland, as opposed to magazines that serve the English market.

"We are planning Scottish magazines on fashion and cars," says Mr Macdonald, who believes Caledonian can help expand the ITV company's publishing interests.

He says: "We are starting to create a strong cross-media company in Scotland," and adds that the Caledonian approach has been welcomed by analysts.

To fund the Caledonian



Gus Macdonald: planning Scottish car and fashion magazines

acquisition, Scottish has about £40m in cash and could raise funds against assets such as its 20 per cent ITV stake.

Mr Macdonald emphasises that the two companies have a complementary advertising

profile. More than 80 per cent of advertising in The Herald, which mainly circulates in Glasgow and the west coast of Scotland, is local, but about 90 per cent of Scottish TV's advertising is national.

## London Clubs investors wonder whether their luck will hold

Scheherazade Daneshkhu weighs up prospects for the gaming group

The wood-paneled elegance of a former Rothschild mansion on Park Lane is home to one of London's most profitable casinos. Its more important guests can gamble and dine discreetly in one of two salons, and it serves a full breakfast and afternoon service on the house.

Whether their luck matches that of investors in London Clubs International, the company which owns Les Ambassadeurs and operates 15 other casinos, is another matter.

Anyone taking a punt on London Clubs when it floated on the USM at 200p a share two years ago can certainly regard it as a lucky bet. On the main market since May 1995, the shares have risen strongly, especially in the past year, reaching a high of 575p. They closed yesterday down 17p at 549p.

Profits have also grown comfortably. Last month, the group reported pre-tax profits of £33.2m in the year to March 24, up from £29.4m the previous year after it doubled pre-taxation profits.

The government's promise to ease the UK's strict gaming regulations has helped the shares, as has speculative interest, particularly from US gaming companies. London Clubs is an obvious target with a 45 per cent share of the London casino market.

But investors must be wondering if their luck can hold. Analysts are predicting profits growth of at least 11 per cent to £37m-£39m for 1996-97



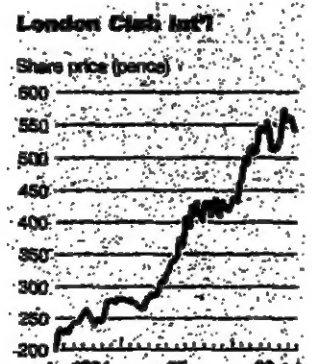
Alan Goodenough: looking to diversify overseas

and earnings per share of 54p-56p, putting the shares on a prospective price-earnings ratio of about 15 times, a small premium to the market, but below the average for the leisure and hotels sector.

Mr Roy Owens, leisure analyst at Merrill Lynch, says: "Although the shares have had a terrific run, given that profits are moving in the right direction and deregulation is coming through, the rating isn't expensive."

Mr Greg Feehely, leisure analyst at Kleinwort Benson, believes that, since the business is extremely cash generative, with 47 times predicted interest cover, London Clubs could make an earnings enhancing acquisition or get taken over. "Either way, they are an attractive company because they are a potential takeover target and they are in a strong financial position."

Most analysts see the likely bidders as US gaming com-



London Clubs last 12 months share price (pence)

panies with international experience, such as ITT Corporation and Hilton Hotels Corporation, while some do not rule out a bid from domestic groups, such as Ladbrokes or The Rank Organisation.

"The UK is one of the most attractive markets, especially London, which has a lot of international business," says Mr Paul Heath, leisure analyst at UBS.

Mr Alan Goodenough, London Clubs' chief executive, has sought to reduce dependence on profits from the two top casinos, Les Ambassadeurs and The Ritz Club in The Ritz Hotel, by expanding internationally and increasing profits at the group's middle-market casinos. The top two accounted for 65 per cent of profits last year, down from 86 per cent the previous year. He aims to reduce this to 50 per cent over the next two years.

Another key strategy has been to diversify overseas. At the moment, only 10 per cent of profits come from the overseas operations, which include three casinos in Egypt. Along with other international gaming groups, London Clubs is looking for licences in South Africa, Cyprus, Dublin and Brussels and has not given up hope for Athens, where a tender competition for a casino was cancelled.

London Clubs has a 12.5 per cent stake in a joint venture company responsible for operating a casino complex in Beirut. It has also won the management contract. The project is expected to contribute £3m-£4m in profits annually.

Expansion overseas, perhaps through joint ventures, will initially require capital and, in the longer term, Mr Goodenough says London Clubs' investment programme will include bidding for proposed new licences in the Greater London region, and looking at provincial casinos. "If the

## PLACING AND INTERMEDIARIES OFFER

The Allied Carpets Intermediaries offer closes on 17 July 1996.

If you want to apply for shares in Allied Carpets and have not already contacted your stockbroker or shareshop, you should do so as soon as possible. THE MINIMUM APPLICATION IS £1,500

This advertisement, which is made by Allied Carpets Group plc (Allied Carpets) has been approved by the Securities and Futures Commission (SFC) in Hong Kong. The SFC is a statutory body established under the Securities and Futures Ordinance (SFO) in Hong Kong. The SFC is responsible for regulating the securities and futures markets in Hong Kong. The SFC has approved this advertisement for the placing and intermediaries offer of Allied Carpets. The SFC's approval does not constitute a recommendation or endorsement of the offer. The SFC's approval is given on the basis of the information provided in this advertisement. The SFC is not responsible for the accuracy or completeness of the information provided in this advertisement. The SFC is not responsible for the results of the offer. The SFC is not responsible for the performance of the offer. The SFC is not responsible for the value of the shares. The SFC is not responsible for the risk of the offer. 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## COMMODITIES AND AGRICULTURE

## WEEK IN THE MARKETS

## Copper volatility returns

Volatility returned to the London Metal Exchange's copper market at the end of this week after a period in which the extreme nervousness caused by the Sumitomo crisis had receded and calmer conditions had prevailed.

At one stage yesterday the three months delivery price dipped to \$1,790 a tonne, within \$45 of the 30-year low in the immediate aftermath of Sumitomo's revelation of the enormous scale of its copper market losses. A later recovery took the price to \$1,851.50 at the close, down \$3 on the day and \$55 on the week.

A fresh wave of investment

LME WEEKLY STOCKS (as at Thursday's close)	
Aluminium	2,680,000
Aluminium alloy	15,000
Copper	228,000
Lead	10,000
Nickel	10,000
Zinc	10,000
2 1/2	10,000

fund selling on Thursday had shaken the copper market's precarious balance and heightened continuing uncertainty about the Sumitomo situation. News yesterday that LME stocks were down by only 976 tonnes, much less than had been expected, removed one potential boost to sentiment and opened the way for further technically-inspired selling.

"They were looking to see if there were some big stops below the market," one trader told the Reuters news agency, referring to stop-loss buying orders placed by operators who had sold 'short' in the hope of covering more cheaply later.

Other LME metals followed copper's overall downward trend on the week. The biggest loser was nickel, which ended \$308.50 down at \$7,345 a tonne, in the three months position after dipping to a 14-month low of \$7,250 at one stage. This market's particular weakness was attributed to speculative

liquidation encouraged by the recent slackness of physical demand, stainless steel mills using scrap and stocks, and expectations that Russian shipments would begin rising soon.

The gold market ended an uncertain trading near the top of its recent trading range after heavy early buying had taken the price through a stubborn resistance point. "Gold finally got through \$383 [a troy ounce], which has given it a new feel," one dealer told Reuters. Some dealers were hopeful that the market would get support from a concentration of open interest in \$385 gold call (buying) options. One also noted a cluster of uncovered call options at \$385.

Thursday's fall on Wall Street was also enlisted into the bullish argument. "If [US] the stock market is weakening dramatically then its fair to argue that the Fed may not be as keen to raise rates, and therefore the supportive inflationary argument returns for gold," explained GNI, the London-based brokerage, in yesterday's issue of its daily market report.

At yesterday's London Bullion Market, close the gold price stood at \$383.56 an ounce, up 75 cents on the day and \$2.30 on the week.

At the London Commodity Exchange, cocoa futures recovered a little yesterday over the week. The closing price for the September position was \$1,016 a tonne, up \$15 on the day and \$54 down overall.

The bulk of the fall came on Wednesday, when a heavy wave of speculative selling briefly pushed the September price below \$1,000 a tonne for the first time in three and a half months and brought to an abrupt end the massive premium the contract had been commanding over forward positions.

"Traders are now looking at good growing conditions in the Ivory Coast [the biggest cocoa producer] as an explanation of the recent fall in prices," said GNI. "More to the point, the famed September squeeze seems to have disappeared as quickly as a copper bull."

Richard Moore

## WEEKLY PRICE CHANGES

Commodity	Unit	1995	1996
Gold per troy oz.	\$284.25	\$284.25	\$284.25
Silver per troy oz.	\$30.50	\$30.50	\$30.50
Aluminium 99.7% (cash)	\$1,810.00	\$1,810.00	\$1,810.00
Copper 99.95% (cash)	\$1,851.50	\$1,851.50	\$1,851.50
Lead (cash)	\$778.50	\$778.50	\$778.50
Nickel (cash)	\$734.50	\$734.50	\$734.50
Zinc (cash)	\$7,345.00	\$7,345.00	\$7,345.00
2 1/2 (cash)	\$7,345.00	\$7,345.00	\$7,345.00
Cocoa futures Jul	\$1,016.00	\$1,016.00	\$1,016.00
Coffee futures Jul	\$1,190.00	\$1,190.00	\$1,190.00
Sugar 11/14 futures	\$15.00	\$15.00	\$15.00
Wheat futures Sep	\$1.11	\$1.11	\$1.11
Cotton futures Aug	\$0.74	\$0.74	\$0.74
Oil (Brent) futures	\$18.15	\$18.15	\$18.15

For some items, changes are shown. \* Forward prices. \* Data to 10 p.m.

## WORLD BOND PRICES

## MARKET REPORT

By Lisa Branstetter in New York and Richard Lapper in London

The yield on the benchmark 30-year Treasury bond moved below 7 per cent in early afternoon trading as continued weakness on the equity market led traders to bet that there would be a flight to safety in bonds.

Bond prices were lower in early trading but started to rise at late morning as the stock market began tumbling. Near midday the long bond was 1/8 stronger at 8 1/8% to yield 6.996 per cent. At the short end of the maturity spectrum, the two-year note gained 1/16 at 10 1/8%, yielding 6.214 per cent. The September 30-year bond future gained 1/16 at 10 1/8%.

The yield curve that traces the spread between the yield on Treasury notes and the long bond flattened by two basis points to 78 points.

Mr Woody Jay, head of global government bond trading at Lehman Brothers, said the equity market was the day's focus.

"People think that either the stock market is telling you that the economy is cooling off so the Fed won't have to go or

the Fed might not tighten if the stock market is weak enough," he said. "The market is taking out any chance of tightening. I think it's premature, but you can't fight it."

The market paid little attention to data on producer prices and the job market, which came in close to or below analysts' expectations. The more positive mood in the US spilled over into Europe. At Liffe the September 10-year German bond futures contract gained 0.16 to settle at 95.96. The UK and Italy were the two main exceptions to the trend, however. In the UK futures were hit by new evidence of rising consumer spending. The 10-year benchmark closed a quarter of a point down, while the September long gilt future settled at 108 1/2 down 1/2.

Investors in Italian bonds were worried by a government agreement with the hard left Communist Refoundation over the inflation target for 1997. In the cash market the 10-year yield spread over German bonds widened by 8 basis points to 290. At Liffe the September future settled at 116.96, down 0.33.

## BENCHMARK GOVERNMENT BONDS

Country	Term	Price	Yield	Week ago	Month ago
Australia	10/00	107.3320	6.88	8.80	8.92
Canada	05/08	97.4700	6.80	8.80	8.83
Denmark	05/08	101.2500	6.82	8.80	8.71
France	05/08	104.2500	6.82	8.80	8.71
Germany Bund	05/08	104.2500	6.82	8.80	8.71
Italy	05/08	104.2500	6.82	8.80	8.71
Japan	05/08	104.2500	6.82	8.80	8.71
Netherlands	05/08	104.2500	6.82	8.80	8.71
Portugal	05/08	104.2500	6.82	8.80	8.71
Spain	05/08	104.2500	6.82	8.80	8.71
Sweden	05/08	104.2500	6.82	8.80	8.71
UK Gilts	05/08	104.2500	6.82	8.80	8.71
US Treasury	05/08	104.2500	6.82	8.80	8.71

Source: Reuters

Yield: London market standard.

Yield: US market standard.

Yield: US market standard.

Yield: US market standard.

Yield: US market standard.

Yield: US market standard.

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## BASE METALS

## LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM 99.7% (per tonne)

Cash: 1,810.00

1 month: 1,810.00

3 months: 1,810.00

6 months: 1,810.00

12 months: 1,810.00

24 months: 1,810.00

36 months: 1,810.00

48 months: 1,810.00

60 months: 1,810.00

72 months: 1,810.00

84 months: 1,810.00

96 months: 1,810.00

108 months: 1,810.00

120 months: 1,810.00

132 months: 1,810.00

144 months: 1,810.00

156 months: 1,810.00

168 months: 1,810.00

180 months: 1,810.00

192 months: 1,810.00

204 months: 1,810.00

216 months: 1,810.00

228 months: 1,810.00

240 months: 1,810.00

252 months: 1,810.00

264 months: 1,810.00

276 months: 1,810.00

288 months: 1,810.00

300 months: 1,810.00

312 months: 1,810.00

324 months: 1,810.00

336 months: 1,810.00

348 months: 1,810.00

360 months: 1,810.00

372 months: 1,810.00

384 months: 1,810.00

396 months: 1,810.00

408 months: 1,810.00

420 months: 1,810.00

432 months: 1,810.00

444 months: 1,810.00

456 months: 1,810.00

468 months: 1,810.00

480 months: 1,810.00

492 months: 1,810.00

504 months: 1,810.00

516 months: 1,810.00

528 months: 1,810.00

540 months: 1,810.00

552 months: 1,810.00

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576 months: 1,810.00

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600 months: 1,810.00

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648 months: 1,810.00

660 months: 1,810.00

672 months: 1,810.00

684 months: 1,810.00

696 months: 1,810.00

708 months: 1,810.00

720 months: 1,810.00

732 months: 1,810.00

744 months: 1,810.00

756 months: 1,810.00

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792 months: 1,810.00

804 months: 1,810.00

816 months: 1,810.00

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840 months: 1,810.00

852 months: 1,810.00

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876 months: 1,810.00

888 months: 1,810.00

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936 months: 1,810.00

948 months: 1,810.00

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996 months: 1,810.00

1008 months: 1,810.00

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1032 months: 1,810.00

1044 months: 1,810.00

1056 months: 1,810.00

1068 months: 1,810.00

1080 months: 1,810.00

1092 months: 1,810.00

1104 months: 1,810.00

1116 months: 1,810.00

1128 months: 1,810.00

1140 months: 1,810.00

1152 months: 1,810.00

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1188 months: 1,810.00

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1392 months: 1,810.00

1404 months: 1,810.00

1416 months: 1,810.00

1428 months: 1,810.00

1440 months: 1,810.00

1452 months: 1,810.00

1464 months: 1,810.00

1476 months: 1,810.00

1488 months: 1,810.00

1500 months: 1,810.00

1512 months: 1,810.00

1524 months: 1,810.00

1536 months: 1,810.00

1548 months: 1,81



## COMMENT &amp; ANALYSIS

## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700  
Saturday July 13 1996

## Play it again, Ken

It looks good, sounds good, feels good. Inflation is ticking over quietly at a little over 3 per cent. UK national income is putting along at a growth rate of about the same, ready to move smoothly ahead at the touch of the accelerator. House owners toast the government as a rising market hands them large paper profits...

Wake up, chancellor! You are dreaming of 1986. A decade has passed since Nigel Lawson was presiding over a combination of high growth and low inflation for which Lady Thatcher was to dub him "my brilliant chancellor".

Mr Kenneth Clarke will not need to be reminded of one big difference between then and his own period as chancellor. Mr Clarke had the unpopular task of picking up the fiscal bill left behind from the excesses of the 1980s. After a period of breathless growth between 1986 and mid-1989, the economy braked sharply and public finances moved from a cumulative surplus of £23bn between 1986 and 1990 to a borrowing requirement of £46bn three years later. The government's continuing deficit therefore stands as a sober warning against over-confidence in growth.

This is why it is worth running the tape back briefly to early 1986 when the economic indicators were, in some respects, remarkably similar to those of mid-1996. In its latest forecast, published this week, the Treasury suggests that after annual growth of 2½ per cent last year and about the same this year, the UK economy will accelerate to a growth rate of 3½ per cent in 1997. Meanwhile, underlying inflation is expected to be only 2½ per cent at the end of next year.

These expectations seem plausible. This week, official figures showed that the "headline" inflation figure for last month had fallen to an annual rate of 2.1 per cent. Wage pressures are subdued, as are commodity prices and inflation in other industrial countries. Moreover, the chancellor's panel of independent forecasters is in broad agreement that inflation will be only about 2½ per cent at the end of next year, within the government's target.

## Higher growth

Mr Clarke will, therefore, come under pressure to give the economy a bit of a push before the next election. For higher growth is needed to help reduce the fiscal deficit. It would also help to bring down unemployment, which is unlikely to fall below 2m before the end of next year.

These will seem strong arguments in an election year. They

begin to look more dangerous, however, if one changes a digit in the year and applies them to 1986. Then, as now, the economy was moving ahead at a moderate pace (economic growth running at 3 per cent in the second quarter). After respectable growth in the previous year, there was a risk that it might falter. Inflation had come down dramatically, to only 2.7 per cent compared with more than 7 per cent a year earlier. The big difference then was that unemployment, at more than 3m, provided not only a strong motive for running a looser economic policy, but seemed to offer a huge margin of safety against the danger of reviving inflation.

## Classic boom and bust

The result of the decision to expand the economy was, however, a classic boom and bust. The government's high hopes of breaking through into new territory of fast economic growth ended disastrously in the recession of the early 1990s, when the economy contracted by a cumulative 2 per cent, while unemployment moved back up from 1.6m in 1990 to nearly 3m three years later. As a result, happy voters became angry job seekers and debt-laden households. If opinion polls are to be believed, they will turn the government out of office in spite of the better outlook.

Since history repeats itself with big plot changes, comparison with the 1980s should not be pushed too far. However, the most notable point is that inflation did not peak until the end of the decade, some 4 years after the economy was pushed into the accelerating path. Now the signs of inflation again seem absent, but the beginning of recovery in the housing market should be a warning. Welcome as it may be to those trapped in negative equity, rising house prices have historically been one of the strongest engines of UK excess demand and inflation. The fact that this form of inflation makes the voter "feel good" is no excuse.

This year and next, UK citizens stand to gain a £30bn windfall from building society mergers and conversions to banks. They will have access to another £20bn from raising the Tax Exempt Savings Accounts. Such sums, added to gains from the equity market and strong monetary growth, may encourage consumers to spend and spend.

The risks of a weak economy need to be balanced against that of unsustainable growth. Mr Clarke has suggested in recent interviews that he knows this lesson of history. He will need determination to teach it to his party.

## Still dancing after all these years

Nelson Mandela has transformed his UK visit from a formal celebration into a personal triumph, say Michael Holman, Richard Lambert and Quentin Peel

It is early morning at Buckingham Palace, an hour before breakfast, and the gravel is just being swept. But already the Queen's distinguished household is up with a spring in its step. Mr Nelson Mandela, president of South Africa, and without doubt the world's most popular politician, is arriving in his first state visit to the capital of the former colonial power. "I feel like an old battery that has been recharged. It has been fantastic," he says.

Just six days from his 78th birthday, Mr Mandela looks frail and needs the help of a hearing aid. Yet there is a twinkle in his eye and a sharpness in his repertoire which belies his age.

The plush red-carpeted reception rooms have been prepared since dawn for his expected stream of visitors, but the South African leader's first thought is to shake hands with the liveried footman holding open the double door, to the latter's obvious surprise and delight. It is the sort of touch which has transformed his visit from a formal celebration into a personal triumph.

The night before, he was dancing in the royal box at the Albert Hall, when he hosted a pop concert for the British royal family, in return for their state banquet at the palace. Yesterday, he took to the streets of London, one of the poorest black districts, to embrace the street kids for whom he is a hero. Two days before, he was given no fewer than four standing ovations by business leaders in the Confederation of British Industry, when he appealed for their cash for South Africa.

"I did expect a warm reception, but not to the extent to which it has occurred," he says. "It has passed my wildest expectations."

He would not want anyone to exaggerate his role in the revolution which has transformed his country over the past five years, and dismantled its apartheid system. "I have always wanted it to be understood that I don't have virtues or qualities distinct from my colleagues," he says. "Many of the ideas I put out do not just come from my brain. They are the result of intensive discussions."

Yet he also knows perfectly well that he is his country's best salesman in seeking the international investment essential for economic growth, to heal the wounds of the past. That is the main purpose of

his trip to Britain and France, and he keeps returning to the theme.

In spite of the enthusiasm of his reception, he knows that the business people who applauded him so heartily remain concerned about the investment climate.

"The events of February 1996, and even more so those of April [when the rand fell by 20 per cent against the dollar] fundamentally altered the economic environment in our country," he admits. So too did the government's decision to increase its prime lending rate twice to defend the currency.

Yet he argues that the rand was overvalued against the dollar, and the economic improvements of the past two years far outweigh the risks.

"We have transformed the negative growth rate of two decades into a positive one of 3 per cent," he says. "That is still not sufficient to provide employment for the 5m unemployed. We will only be able to reach a growth rate of 6 per cent, which we reckon will be by the turn of the century."

His investment pitch is based on the commitment of his government to a progressive policy of liberalisation and deregulation, in spite of the presence within its ranks of both the South African Communist Party, and most of the trade union movement.

"We are moving away from the inward-looking, isolationist and highly protected economy of the past into one that is part of the world economy, and which is competitive," he says. "We are phasing out tariffs and exchange controls."

Economics has never been Mr Mandela's forte, but clearly he has been well briefed for this trip, notwithstanding his engaging reference to the rand's performance against a "bucket of currencies".

He explains the high level of wages as a result of the former apartheid policies, where white workers earned several times more than their black counterparts, for identical tasks. Now the black workers are demanding parity, which means a substantial rise in the overall wage level. "They are still struggling to achieve parity with whites," he says.

Now he is seeking to persuade his union allies of the need for restraint. "Our strategy in dealing with our former enemies has been dialogue, discussion, criticism and



patience. Now we have to apply that method in dealing with our own allies, the labour unions, who helped to put us in to power.

"We don't necessarily agree with everything they do. We are telling them: 'When you go on strike, you are projecting a negative image of our country. It is a wrong perception to think that the workers are holding us to ransom.'"

To prove the point, he cites the government's commitment to privatisation. "We have announced that we are privatising," he says. "Some parastatals will be privatised completely. Others will form partnerships. And still others will be left as they are, provided they are run efficiently, and can make a profit. We are moving away from subsidising inefficient parastatals, and we are applying a tight monetary policy. I think those methods are going to bring about a dramatic change in our economic situation."

Warning to his theme, he needs no prompting to tackle two other investor concerns: the level of crime in general, and the political conflict in the troubled province of KwaZulu-Natal. In the latter, he

admits that his own African National Congress has been responsible for violence in the city of Durban, just as the rival Inkatha Freedom Party has sought to intimidate its opponents in the rural areas. Police units have been brought in from outside the province, resulting in a dramatic drop in politically-motivated killings.

Healing racial divisions remains his highest priority. It will take much longer than the two years which is all the present non-racial administration has been in power.

"The whites still think as if there were no blacks, or coloureds, or Indians," he says. "The blacks think this transformation was brought about by military victory, and they have defeated the whites. They think the whites are lying on the floor and begging for mercy. It takes more than two years to convince both groups they are wrong."

Even on such divisive issues, Mr Mandela speaks in calm and measured tones. Yet on one question, he did become agitated: the suggestion that young whites may now be tempted to leave the country. "It is the young people who

accept the new dispensation without any qualifications," he insists. "There is no question of them leaving the country. We have had this brain drain, but the majority of the whites who are qualified are remaining in the country."

Yet he admits, once again, that his own role is crucial. "They say: 'We hear the president. But what is going to be the position after him?'"

He makes no secret of his age, but draws his reassurance for a stable handover from the strength and tradition of the ruling ANC. He says he will stand down at the 1999 election, in spite of "tremendous pressure from inside and outside South Africa, including from some opposition parties" to stay on.

"It is important to surround yourself with strong and independent personalities, who will tell you when you are getting old," he adds. "My presence as a septuagenarian may be frustrating a number of initiatives that could be put forward by younger and more robust men and women."

"I have, personally, no doubt that there will be life after Mandela."

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5338 (please set fax to 'line'). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

## Delta has curious view of airline alliances

From Mr Timothy J. Doka.

Sir, I read with interest the comments made by a Delta Air Lines official regarding the proposed alliance between American Airlines and British Airways in your July 9 story, "Delta urges veto on BA-American link". Apparently, what is bad for Delta is when two of Delta's leading competitors try to team up to bring consumers more choice and better service.

In your story, the Delta official describes the American-British Airways alliance as a "bad deal" that will not "foster competition". This is a curious statement coming from a US airline that already enjoys the benefits of not one but two alliances with European carriers; one with Swissair, Austrian Airlines, and Sabena in Belgium and the other with Virgin Atlantic of the UK.

Could it be that Delta and its alliance partners, especially Virgin, have engaged in a desperate effort

to thwart this alliance because they know it will force them to compete harder for transatlantic business? Do they think the best chance to conclude an open sides deal between the US and the UK should be scuttled so they can block this alliance while protecting their own?

The American Airlines-British Airways alliance will provide more choices for consumers and more competition in the airline industry. It also provides a strong incentive for the US and UK governments to craft an aviation treaty that will liberalise air travel between the two countries. Delta's and Virgin's transparent effort to avoid competition should be vetoed, not the American-British Airways alliance.

Timothy J. Doka, managing director, American Airlines, PO Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616, US

## Controlling risks in food chain

From Mr Peter Bazalgette.

Sir, Joe Rogaly argues for the abolition of the Ministry of Agriculture Fisheries and Food ("End of the line for MAF", July 8/9). By all means. But I am disappointed he did not consider two factors which will bedevil any such body, whether a government minister or an independent food and drug authority.

The first is the idea that the government has to be responsible for every step of the food chain and every adverse effect that nature throws at us. In fact, just five supermarket groups now sell us the majority of our food. They have high standards and clearly play the most influential role of all. But even when there is a problem it is ludicrous with what facility we "blame the government". Mr Rogaly says MAF "messed up" on salmonella and "flopped" on listeria. Did civil servants create these bacteria? And did not consumers demand the cheap, mass-produced food that causes growing bacterial contamination?

The second factor is consumers' inability to understand the plethora of scientific data. Incidences of salmonella poisoning are far higher now than at the height of the scare in 1988. Listeriosis is not conquered. Our comprehension of the real risks, then and now, is virtually non-existent and our appreciation of the food processes and chemistry involved is worse. At the same time scientific data provides an almost meaningless level of detail to fuel the scares (parts per billion and so on).

If Mr Rogaly and his fellow abolitionists get their way let the first task of a new body be to help us all understand real risk. In the process let us hope it can dispel the myth that public bodies are omniscient and omnipotent. We must be responsible for the consequences of our own food choices.

Peter Bazalgette, 29 Kensington Park Gardens, London W11 2QS, UK

## Conspiracy theory

From Mr Peter Clark.

Sir, Is there a conspiracy to prevent any public discussion of how there can be a single currency without a single issuing/underwriting/guarantee authority, the necessary political control and political responsibility for which would be a *de facto* federal government of Europe?

This may be a good or bad thing but without any public discussion any decision on a single currency (either way) will be bad. Yugoslavia, Ireland and Chechnya show us what happens when politicians lead people into unions without their fully informed consent.

I have been unable to get any answer from British or European politicians and have given up trying to raise the subject with TV and radio presenters.

Peter Clark, 46 Louise Road, Stratford, London, UK

## Fine farewell

From Ms Frances Banks.

Sir, Peter Aspin's wispish review of the Three Tenors concert ("A romp with no novelty", July 8) seemed to me entirely misguided. Carreras, Domingo and Pavarotti together singing Hickory Dickory Dock would have been exciting enough. I didn't hear the echo, and I didn't notice the rain.

A suitable farewell performance - please?

Frances Banks, Flat 6, 84 Cadogan Square, London SW1X 0DZ, UK

## Reorganisation of the BBC will strengthen its public service role

From Mr Colin Browne.

Sir, Your leader writer does us a disservice in suggesting that the BBC has paid too little attention to the question of what its role should be in the exploding broadcasting market of the future ("Birt's choice", July 8).

In early May we published our document *Extending Choice in the Digital Age* - a carefully considered analysis of the way we see the broadcast and new media markets developing over the next 10 years, and the BBC's role in this rapidly changing environment. Our

thinking was covered at some length in the Financial Times. We set out a model to carry public service broadcasting into the next century, with a central commitment to expand and improve services to licence payers, while developing additional revenue from new commercial services.

This in turn reflected the approach in the government's White Paper, *Serving the Nation, Competing Worldwide*, which set the tone for the many hours of debate, inside and outside parliament, on the new charter and agreement for

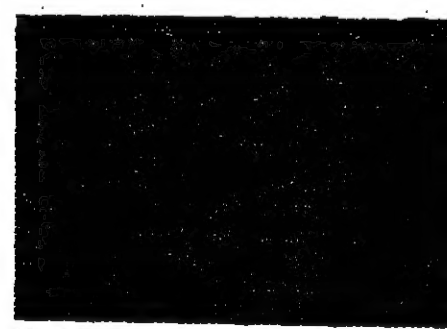
the BBC. Throughout the debates there was clear cross-party support for the continuation of the BBC's central role as a public service broadcaster, funded primarily by licence fee.

As a contribution to that debate, we also completed and published, last year, the most comprehensive consultation exercise ever undertaken on the nature of our output, involving audiences and programme makers.

The results were overwhelming. Most people valued the authority, quality and integrity of the BBC's

programmes and services. The internal reorganisation we announced last month is designed to put in place the right structure to deliver our promises to audiences, allowing us to make the most effective use of our finite resources. They will strengthen and enhance those services - including the World Service - not weaken them.

Colin Browne, director of corporate affairs, BBC, Broadcasting House, London W1A 1AA, UK



OPENING BARS



OPEN IN BARS

MENDEL FESTIVAL OF MUSIC AND THE ARTS	10-12 July
SENON & MENDS CHA PAVIL, LONDON	13 July
SENON CHA PAVIL, SEVENOES	14 July
LIT CORONAL THEATRE & THEATRE, LONDON	15-19 July
GOVERNOR GOODWOOD	20 July-5 August
COVENS WEEK	2-10 August
INTERNATIONAL FESTIVAL	11-17 August
SEA CITY DEER, MERTON	11-18 August
BURGHLEY HOUSE, THAMES, SOMERSET	6-8 September
LAST NIGHT OF THE PROMS, ROYAL ALBERT HALL	14 September

Veuve Clicquot  
CHAMPAGNE OF THE SEASON



Man in the News • Sir Hugh Annesley

## Caught between two forces

John Murray Brown and John Kampfner on how the Portadown march has undone the chief constable's attempts to bridge Ulster's divisions

**A**s Northern Ireland has hurtled back into sectarian strife this week, the focus has been on Sir Hugh Annesley, chief constable of the Royal Ulster Constabulary.

First, his decision to stop an Orange parade from passing through the Roman Catholic estate of Garvaghy Road in Portadown brought tens of thousands of loyalists on to Ulster's streets. The demonstrators accused the largely Protestant officers of being the lackeys of Dublin.

Then, after four nights of mayhem across the province, he ordered his exhausted officers to force the Catholic residents off the streets and allow the Protestants to march through. Might was seen to have been right.

Cardinal Cahal Daly, Ireland's Roman Catholic primate, accused the chief constable of "capitulation". The painstaking efforts of years to improve the standing of the RUC among the nationalist minority were ruined.

Once again, the police were seen as agents of Protestant hegemony. It was the turn of Northern Ireland's nationalists to take to the barricades, with rioting in Catholic areas and shots fired at police in Belfast. As the victorious Orangemen paraded through Gar-

vaghy Road on Thursday, Sir Hugh stepped into the eerily empty People's Park in Portadown to explain his actions. "There is no use pointing to the RUC. I don't have a magic wand. Even the four church leaders couldn't succeed in getting a compromise," he said. His language was infused with exasperation. "In this force I have been impartial if I've done nothing else," he said. "I am sick and so are my colleagues, sick to death of being stuck in the middle of an unwinnable situation."

For Sir Hugh, who recently announced his intention to retire in November, it is an unhappy end to seven years at the head of the UK's second largest police force. Until this week, he had a record as a steady and impartial hand.

An Ulster Protestant brought up in Dublin, he took over at the height of the troubles after a high-flying career with London's Metropolitan police. He was no stranger to terrorism, having been head of

special operations at Scotland Yard. His policy, he said at the time, was to contain violence - the task of eradicating it was for the politicians.

When peace came with the IRA ceasefire of August 1994, Sir Hugh responded to the challenge. He took most of the armour-plated police vehicles off the roads, made his constables don soft caps and told them to return to the beat.

It was all part of a wider effort to demonstrate that the RUC was accountable and unbiased. Sir Hugh dismissed calls from republicans for radical reform, such as renaming the force. He believed the police were winning the battle for nationalist hearts and minds.

Throughout the troubles, those connected with the security forces were ostracised by Catholic nationalists and considered by the IRA a "legitimate target". However, the strategy of integration paid dividends. Of the first batch of recruits after the ceasefire, 20

per cent were Catholics, the highest proportion yet.

But the events in Portadown reflect the pressures of policing Northern Ireland's divided community - difficulties that outsiders find hard to understand.

The first Orange parades began 100 years after the Battle of the Boyne in 1690 in which the Dutch King William of Orange defeated the Catholic King James II. As demonstrations of Protestant pre-eminence, they have taken on added vigour with talk of giving the Irish Republic a say in Ulster's governance and greater rights for the nationalist minority.

In the annual marches, which reach a peak on July 12, thousands of Orangemen in orange sashes march to life and drum bands to demonstrate Ulster's loyalty to the British crown. Most parades are confined to friendly territory. However, each time a march in a contested area is re-routed it is seen as a surren-

der of territory. Portadown is just such a flashpoint, with only a sliver of the route going past a Catholic estate.

Unionists and nationalists say that both Sir Hugh and ministers opted for the worst of both worlds, first in preventing the march, then in allowing it through. Both sides are sceptical of his claims to have acted independently of the politicians, taking purely "operational" decisions.

Suspicion that he had been following instructions from the Northern Ireland Office was stirred when Dublin spoke of London breaking an "agreed approach" that the march would not be let through. But a senior member of the government said that although the three Northern Ireland ministers had been "kept informed" on an hourly basis, they had not tried to interfere. It was not hard to appreciate why Sir Hugh appeared so forlorn on Thursday. Months ago, he had supported the idea of an independent tribunal to

arbitrate over the route of marches that are controversial - only 20 or so of the 3,000 that take place in Ulster every summer. The chief constable knows there is no such thing as a purely operational policy in a society where any decision is seen by one community as a concession to the other.

An hour after the street battles in Portadown, Sir Patrick Mayhew, Northern Ireland secretary, told the Commons he wanted just such an "independent eye". But it is too late to undo the damage done by this week's events. "We must have root and branch change," says Mr Chris Ryder, a former member of the Northern Ireland police authority which oversees the RUC. "This was an epic misjudgment and the shock waves will last for a long time."

Intriguingly, Sir Hugh said he had more to say, but would wait until a later date - perhaps only after his retirement when he is expected to hand over to Mr Ronnie Flanagan, one of his deputies and widely seen as the force's favourite.

"Sir Hugh was guided by the cardinal principle of saving lives," one minister said. "He has done a formidably good job." The remark had all the hallmarks of a valedictory of the faint praise reserved for a man who has fallen on his sword.



Philip Stephens

## A return to the landscape of the past

Commemorating a battle of 300 years ago would be comic were its implications for today not so tragic



Once again sectarianism has triumphed over sanity, rioting has trampled on the rule of law. A year, even nine months,

ago Northern Ireland seemed a different place. In a few short days the familiar landscape of violence has been restored. Many will say that was inevitable. When the terrorists of Sinn Féin/IRA ended their ceasefire with bombs in London and Manchester, they doubtless planned for the resumption of the conflict on the streets of Northern Ireland. But they wanted others to bear the opprobrium. Sure enough, the men (there are no women) of the province's Protestant Orange Order have played directly into republican hands.

Marching along the nationalist Garvaghy Road in Drumcree and the Lower Ormeau Road in Belfast, militant unionism in the province has claimed an infamous victory. It has shown once again how by public disorder and sheer force of numbers it can defy the authority of the state to which it swears fealty. Its leaders see no contradiction in pledging loyalty to the Queen and then ignoring her laws.

The Orange parades have reasserted the Protestant supremacy which unionists saw threatened by the IRA to the negotiating table. As nationalists have rioted in their turn, events this week have torn down the fragile bridges across the sectarian divide built so painstakingly over two years of relative peace.

In the process the British government has been humiliated and the Royal Ulster Constabulary discredited. Sir Hugh Annesley, the chief constable, was right in his initial decision to bar the Orangemen from their traditional route in Drumcree. Once the decision was taken, to back down in the face of the mob was to concede that might in Ulster prevails over right.

But a frightened unionism has made an historic mistake. It may be irreversible. In its quest to find security in the past, it has been as blind as is the republican movement to the present. It is oblivious to the mood in the rest of the United Kingdom, careless of its mainland allies in opposition to a united Ireland.

To Mr David Trimble, the Ulster Unionist leader, the right of the Orange Order to march unimpeded along the Queen's highway and the burning of the Irish tricolour on Protestant bonfires are an expression of "Britishness". But it is one of the many curious paradoxes of Northern Ireland that each such demonstration serves only to amplify the gulf between Ulsterman and Englishman.

To watch, from the other side of the Irish sea, the ser-

ried rows of mean-faced marchers commemorating a battle fought between two kings more than 300 years ago is to gaze upon an alien culture. The bowler hats, the pipes and drums, the orange sashes: it would be faintly comic if it were not so tragic.

There can be no pretence that this is simply a quaint tradition, a piece of folklore akin to the Morris dancers of rural England. In its exclusive Protestantism and cultivated militarism, the Orange Order is Northern Ireland's most deliberate expression of unadmitted hegemony. But in the pubs and clubs of London, Birmingham and Manchester this weekend there will be no celebration of a "British" victory over Irish nationalism. There will be talk, of course, of the royal family, of how much Princess Diana has extracted from Prince Charles as the price of divorce. Mention William of Orange, Ulster's King Billy, and you will get nothing but a blank stare.

Perhaps I have been somewhat unfair to Mr Trimble. He has been caught between constitutional and street politics. The vivid television shots this week of the unionist leader stranded between the police and Orange lines at Drumcree provided an indelible image of his dilemma. And in the multi-party talks which began last month on the political future of the province Mr Trimble has taken a more constructive approach than his public pronouncements suggest. He suffers too from disloyalty and backstabbing among his party colleagues at Westminster.

Nor can there be any excuse in all this for the orchestrated rioting by nationalists in Londonderry and Belfast. It is not hard to imagine the grim satisfaction that the return of barricades and rubber bullets has brought to the murderous commanders of the IRA.

But if the British government and the RUC have been losers this week, so too have the leaders of moderate unionism. They have been seen once again to lose control of the community they represent.

The outlook then is bleak. The political talks must continue. New arrangements can and must be made to secure a compromise between the rights of Protestants to march and those of Catholics to tranquillity and security.

But the risk is that politicians in London and perhaps in Dublin will quietly give up on Northern Ireland, opting for a return to the policy of containment seen during the 1970s and 1980s. And herein lies the cruellest irony of all. Militant unionism is driven by fear that Westminster plans to wash its hands of Northern Ireland. There is no such plot. But the Orangemen imperil their own cause. Another decade or so of sectarian violence and many in Britain would begin to ask whether the principle was worth the price.

## An unstoppable plague frozen in its tracks

Daniel Green on the new optimism in the battle against Aids



When we finally defeat this epidemic, historians will look back and observe that 1986 marked a strategic turning point in the global effort against HIV and Aids. With those words, the organisers closed the 11th International Conference on Aids in Vancouver, Canada. More than 14,000 participants, plus 2,000 staff and volunteer organisers, had witnessed an extraordinary mixture of science, show business, humour, tragedy, protest and commerce.

The science offered a vision of Aids no longer as an unstoppable plague but an illness that can be treated. Clinical trials data presented at the meeting showed that new, three-drug combinations stop the replication of HIV, the virus that causes Aids. Without replication, the virus quickly disappears from the bloodstream, at least as far as tests can show.

With no virus circulating, the immune system begins to recover and patients' health returns. In one trial, patients on a triple therapy for 48 weeks showed 15 times the increase in the number of CD4 cells - the part of the immune system attacked by HIV - than those on an older, two-drug regime. These beneficial effects are experienced by a large majority of the people in clinical trials. That means HIV can be frozen in its tracks, for 48 weeks at least.

The power of the new drugs to tackle HIV, a virus identified in the mid-1980s, has surprised researchers. About \$2bn

a year is spent on Aids research each year, but until now there was little to show for it. The one great hope, Glaxo Wellcome's AZT, turned out to be a let-down. That may yet be the case with the triple therapies. But so dramatic was the effect on most patients that speaker after speaker hailed the trials' results as unthinkable even six months ago.

The news was not all good. Patients have to perform feats of gastronomic precision with their daily regimen of 15 or 20 pills. Some must be taken more than two hours after and one hour before food, some with a lot of water, and some not together with the others.

Failure to obey these rules is worse than not taking drugs at all. Unless the virus is hit fast and hard, resistance to the drug can build up within weeks, increasing the dose to "normal" levels from too low a base then no longer works.

Side-effects are still a problem. Nine people in one 97-strong trial dropped out because they developed kidney stones. Trials so far have been on a small scale, lasting for less than a year. New strains of HIV are spreading. Perhaps most important, the patients are not "cured". The virus remains dormant in the body for a long time. Exactly how long is a question that should be answered over the next few months, says Dr David Ho of the Rockefeller University in New York. One test scheduled for October is designed to find out



Something for the weekend, sir: staff dressed as condoms hand packs to Aids conference visitors

whether recently infected patients, immediately treated for one year on the most powerful triple therapy, will have had the virus completely eliminated. The test is risky: a patient must volunteer to stop taking the medicines. If even a handful of virus particles have survived in what scientists call "sanctuaries" in the body, the infection will return.

If that does happen, however, there are plenty more avenues for scientists to explore. Advances in understanding how HIV works at a

molecular level have created what one speaker called "a road map for future drug research". There are at least another 10 mechanisms essential to the life-cycle of HIV that will be targeted by research scientists, as well as the intriguing idea that proteins that occur naturally in the body could be harnessed to defend CD4 cells from HIV.

Science was the star of the Vancouver show but the supporting cast ranged from men in six-foot condom suits handing out packs of contracep-

tives, to actress-turned-Aids-activist Elizabeth Taylor. There was hard-nosed business to be done too. The manufacturers of Aids drugs - mainly Merck and Abbott Laboratories in the US, Roche of Switzerland and Glaxo Wellcome of the UK - jostled for position in front of the cameras, or discreetly let it be known they were subsidising meetings devoted to HIV/Aids in developing countries.

Some companies marshalled economists to show that expensive though the new drugs were - a year's supply for triple therapy costs between \$10,000 (\$5,400) and \$15,000 - they were cheaper than looking after someone who was dying. None of this dissuaded Aids activists from accusing drug companies of hype and profiteering. Most days, members of Act Up, the most prominent group, descended on one of the companies' stands and placarded it with stickers. But the conference also marked the integration of most of the activists' movements into the mainstream of the Aids world. Act Up members were involved in the organisation of the conference and had passed that allowed them into the exhibitions to launch their raids. They condemned one fringe group which threw red dye over a group of scientists.

Most of the Aids victims attending simply told their stories. Ms Katherine Nyirunda, a 24-year-old Zambian dying of Aids, left her hospital bed to tell how she had been chased from her home after being infected with Aids and refused shelter by her relatives. In Zambia, she said, one urban woman in five was HIV positive by the age of 30, and children as young as eight were nursing their dying parents.

Twenty-two million people are infected with HIV, with more than 90 per cent in developing countries. The total is rising by 7,000 a day, with some of the fastest increases among women and heterosexual men. But the gloom of the previous conference two years ago in Yokohama, Japan, was gone. In its place was a feeling that hope had a rational basis.

**T**he death this week in Paris of Amschel Rothschild has cast a pall over the famous banking family of which he was a member, a pall that deepened on with the confirmation on Thursday that the 41-year-old father of three had hanged himself.

Amschel - one of the fifth generation of Rothschilds since Nathan Mayer Rothschild left the family banking business in Frankfurt to found a merchant bank in London - served as chairman of Rothschild Asset Management, N.M. Rothschild's fund management arm.

His death underlines how rare such family dynasties have now become, even in the banking world where they once proliferated, and how difficult it will be for Rothschilds to continue the family tradition into the next generation.

N.M. Rothschild has been headed by Sir Evelyn de Rothschild for the past 20 years, but he is now 64. Besides Jacob, Lord Rothschild, with whom Sir Evelyn has feuded for decades, and his French cousins David and Edmond - two strangers themselves to family feuds - there remains no family member above the age of 25 in a position to take over the reins.

The challenge of heading the Rothschild business is particularly acute because N.M. Rothschild has lost much ground to its rivals over the past 20 years.

Other London merchant banks have retained a predominantly family ownership structure. But most, including Schroders, Hambros and Flemings, have brought in outsiders to the top management positions. Schroders, which is now run by Mr Win Bischoff, has flourished, developing a strong corporate finance division and dramatically expanding its fund management business to produce an outstanding profits record.

Rothschild, where the family has remained, in the words of one London banker, "owner, trainer and jockey", cannot boast anything like the same profitability.

One of the few comparable banks which kept strong family control, Barings, came calamitously adrift last



Founding fathers (from left): Mayer Amschel Rothschild, Johann Heinrich Schröder and Sir Francis Baring



## Rothschilds and the decline of relative values

Banks run by dynasties are under pressure from rivals with professional managers and more capital, says George Graham

year when it had to be rescued by the Dutch financial group ING after suffering enormous trading losses in Singapore and Japan.

In Britain, banking has always been a more dynastic business than most industrial sectors. Industrial successions spanning four or five generations can be found in continental Europe; Siemens and Thyssen spring to mind in Germany, while in France whole industries have retained a strong dynastic flavour - notably cognac, where it is often observed that "the son-in-law also rises". Such family continuity is rare in British industry, where "clogs to clogs in three generations" has been the more usual adage.

Many UK banks, however, have retained strong family connections, springing in part from the traditional partnership structure that once dominated finance. Other surviving partnerships include firms such as Lombard Odier in Switzerland, Hoares in the UK and Goldman Sachs in the US.

Families can survive internal feuds. The Rothschilds are proof enough of that. But few families succeed in passing the torch gracefully from generation to generation without, sooner or later, falling foul of inheritance tax.

And fewer still can insure for ever against the chance that the next generation will produce no children with the talent or the inclination to take over the family business - or no chil-

dren at all. Producing the right heir is all the more difficult in families which, tacitly or overtly, exclude their daughters from management.

Sir Siegmund Warburg, founder of the S.G. Warburg merchant bank, often referred to his brightest young employees as "my sons". His own son, George, however, left after only a few years with the family business to start operations on his own, and later came to financial grief.

Mr Thomas Baer, chairman of Julius Baer Holdings, a large Swiss family-controlled bank, says that his own family is fortunately large. "But there is no sense in forcing them into a career they have no interest in," Baer moved last year to open up the

non-registered shares hitherto held only by the family to top management members. "They have become members of the family pool," says Mr Baer. Some traditional banks have gone a step further. Brown Brothers Harriman in New York, for example, now bars any child of a partner from employment within the firm.

Ironically, some of the most talented financiers who have found themselves frozen out by the family's dominance have themselves been members of the family.

Again, Rothschild proves the point. The founder of the London firm, Nathan, set out for England in 1788 because he clashed too frequently with his father, Mayer Amschel Rothschild. "There was not room enough for all of us in Frankfurt," he told London friends.

In the present generation, too, Jacob Rothschild is widely reckoned to have much more of the banking flair than his characterless sons of his ancestors than the fractious and occasionally erratic Sir Evelyn.

"There is a feeling that if you were really good, you would be able to make it on your own. In the family firm people can always point to your name, and say you would not have made it on your own," said the descendant of another famous banking family.

The biggest constraint on family banks today, however, is capital. While private partnerships remain entirely practical in sectors such as asset management and corporate advisory work, which demand little capital, ordinary commercial banking, securities underwriting and trading have become much too hungry for capital to be supported by family pockets.

"Family-owned banks have become progressively less important as the amounts of capital involved in things like underwriting have become so enormous," says Mr William Salomon, deputy chairman of Rea Brothers, a London merchant bank controlled by the family.

The Rothschilds may not yet be condemned to clogs, but heredity and capital are now conspiring to make their future as a family-dominated business less certain.



## MARKETS REPORT

## Dollar drifts

By Gillian Tett

The dollar remained the centre of attention yesterday, as the US currency stabilised after Thursday's sharp fall in Wall Street share prices. But with opinions still split about the longer term prospect for US interest rates, traders warned that sentiment about the US currency remained jittery.

Consequently, the dollar moved in a narrow range during the day, as the markets sought to decide its trend.

Against the D-Mark it closed in London at DM1.5234, slightly above the previous day's level of DM1.5217. Against the yen it closed at ¥110.650, well above Thursday's level of ¥110.235.

Figures emerging from the US economy yesterday had little immediate impact on the trading.

U.S. producer prices rose 0.3 percent in June while retail

sales were unchanged. Although economists had expected both figures to be unchanged, the slight rise in wholesale inflation was largely ignored.

However, traders warned that the main factors driving the US currency were the US interest rates and the gyrations of the equity market.

On the latter point, traders took comfort from the fact that the fall in Wall Street share

## Dollar

DM per \$

Yen per \$

Sterling

\$ per £

D-Mark

FF per DM

Euro

GBP per \$

JPY per \$

AUD per \$

NZD per \$

CAD per \$

HKD per \$

SGD per \$

THB per \$

MYR per \$

IDR per \$

PHP per \$

VND per \$

KRW per \$

TWD per \$

NTD per \$

MOP per \$

BND per \$

USD per \$

EUR per \$

GBP per \$

JPY per \$

AUD per \$

NZD per \$

CAD per \$

HKD per \$

SGD per \$

THB per \$

MYR per \$

IDR per \$

PHP per \$

VND per \$

KRW per \$

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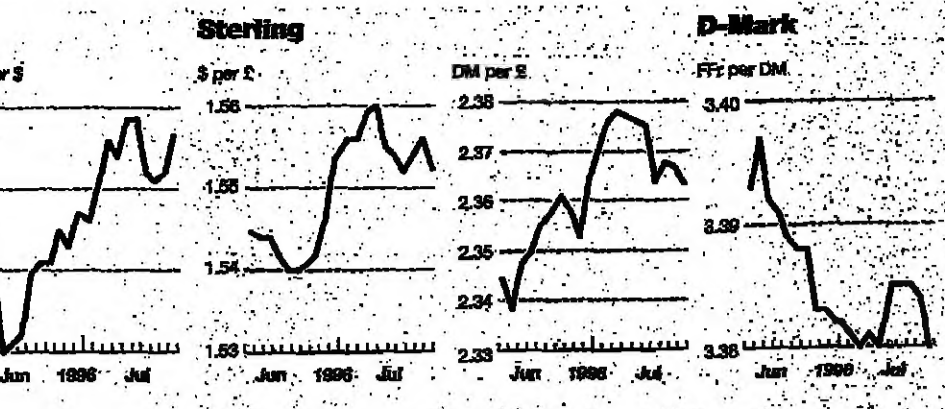
JPY per \$

AUD per \$

NZD per \$

CAD per \$

## CURRENCIES AND MONEY



UBS said: "The fact that the US dollar has stayed off its lows is very important."

However, the key uncertainty is the future direction of rates.

And with the next meeting of the FOMC not due until the end of the month, most traders expect further unease in the coming days.

Trading in European currencies was generally quiet yesterday, as dealers focused their attention on the other side of the Atlantic.

However, sterling weakened fractionally during the day. It closed at DM2.3673, down from the previous day's level of DM2.3673. Against the dollar it ended at \$1.5523, compared with Thursday's close of \$1.5537.

Sterling futures also fell slightly, as traders mull the latest survey from the Confederation of British Industry. This pointed to healthy levels of high street sales last month, and left some observers questioning whether an interest rate cut was imminent.

One other point of interest during the day was an unexpected rise in a Dutch bank rate. The Dutch central bank increased its special advances for 10 basis points to 2.70 percent.

This had been well below the German repo rate for several months. Consequently, the Dutch central bank insisted that the move was largely a technical operation.

Some traders accepted this at face value. And since the change occurred after European markets had closed, it had little impact on the currency.

Mr Tony Norfield of ABN Amro bank said: "It is rather unusual that the Dutch central bank is the centre of attention. But I think it is largely a technical thing."

However, others suggested that it may have a broader symbolism. Mr Steven Hannah, head of research at IBI International said: "I think it is quite an important signal that the mood on German interest rates is changing. They have clearly bottomed out now."

## POND SPOT FORWARD AGAINST THE POUND

Jul 12	Closing mid-point	Change on day	Bid/offer spread	Day's high/low	One month % p.a.
Europe					
Austria (Sch)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Belgium (Bfr)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Denmark (DKr)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Finland (Fmk)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
France (FFr)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Germany (Mk)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Greece (Dr)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Ireland (Ir£)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Italy (Lit)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Netherlands (Gld)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Norway (Nkr)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Portugal (Esc)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Spain (Ptas)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Sweden (Kron)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Switzerland (Sfr)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
UK	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
USA	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
South Africa (Rand)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Argentina (Peso)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Brazil (Cruzeiro)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Canada (Can\$)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Mexico (New Pes)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
USA	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Pacific/Middle East/Africa					
Australia (A\$)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Hong Kong (HK\$)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
India (Rupee)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Japan (Yen)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Malaysia (Ringgit)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
New Zealand (NZ\$)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Philippines (Peso)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Singapore (S\$)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
South Africa (Rand)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
South America					
Spain (Ptas)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
Sweden (Kron)	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3
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USA	16.8319	-0.0038	255 - 363	16.8516 16.8065	16.8007 2.3

Notes: Rates for Jul 11. Bid/offer spreads in the Pound Spot table show only the last three decimal places. These rates are for the London market. Sterling interest rates are quoted as annual percentages. All other rates are quoted as annual percentages. All rates are subject to change without notice. All rates are subject to change without notice. All rates are subject to change without notice.



## UNIT TRUSTS

## WINNERS AND LOSERS

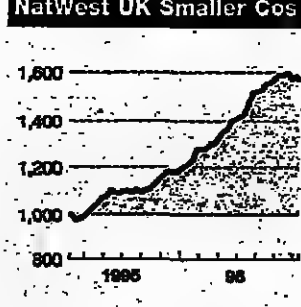
## TOP FIVE OVER 1 YEAR

Franklin Health	1,687
NatWest UK Smaller Cos	1,571
NatWest US Smaller Cos	1,513
Friends Prov American Sm Cos	1,512
Investco UK Smaller Companies	1,478

## BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	811
GT Korean Securities	860
Old Mutual Emerging Asia Inc	865
Exter Warrant	868
Save & Prosper Korea	869

## NatWest UK Smaller Cos



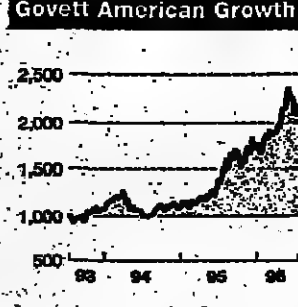
## TOP FIVE OVER 5 YEARS

Proffitt Technology	2,281
Morgan Grenfell Europe	2,278
Baring Europe Select	2,274
Govett American Growth	2,095
NatWest US Smaller Cos	2,095

## BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	718
Save & Prosper Japan	809
Barclays Uni Japan & Gen Inc	821
Five Arrows Japan	888
Govett Japan Growth	885

## Govett American Growth



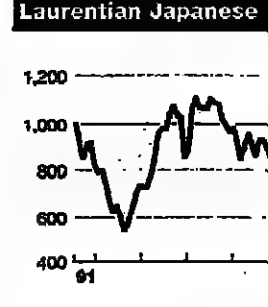
## TOP FIVE OVER 5 YEARS

Proffitt Technology	4,399
NatWest UK Emerging Cos	3,736
Gartmore American Emerging	3,606
Old Mutual Thailand Acc	3,502
Mercury Gold & General	3,442

## BOTTOM FIVE OVER 5 YEARS

Friends Prov Japanese Sm Cos	794
Barclays Uni Japan & Gen Inc	881
Investco Japan Growth	942
Save & Prosper Japan Small Cos	940
Laurentian Japanese	958

## Laurentian Japanese



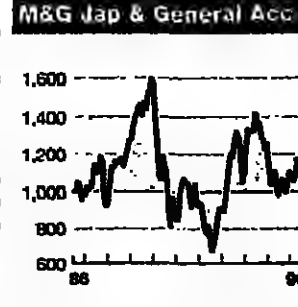
## TOP FIVE OVER 10 YEARS

Friends Prov Australian	7,499
Gartmore Hong Kong	7,312
Abbey Asian Pacific	7,240
HSBC Hong Kong Growth	7,007
Investco S E Asia	6,972

## BOTTOM FIVE OVER 10 YEARS

Barclays Uni Japan & Gen Inc	850
Mercury Japan	999
M&G Japan & General Acc	1,086
CU PPT Japan Growth	1,159
Govett Japan Growth	1,260

## M&amp;G Jap &amp; General Acc



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

## Indices

Index	1990	1991	1992	1993	1994	1995	1996
Average Unit Trust	1000	1000	1000	1000	1000	1000	1000
Average Investment Trust	1000	1000	1000	1000	1000	1000	1000
Bank	1000	1000	1000	1000	1000	1000	1000
Building Society	1000	1000	1000	1000	1000	1000	1000
Stockmarket FT All Share	1000	1000	1000	1000	1000	1000	1000
Unit Trust	1000	1000	1000	1000	1000	1000	1000

## UK Growth

Index	1990	1991	1992	1993	1994	1995	1996
Jupiter UK Growth	1915	1865	2554	-	3.8	1.9	
Barclays Uni Leisure	1945	1843	1700	2081	3.8	0.7	
Stannell UK Growth	1919	1820	-	-	3.7	1.8	
Pembroke Growth	1904	1829	2596	-	3.1	1.3	
PM Equity Growth	1198	1584	2150	3322	4.0	1.2	
SECTOR AVERAGE	1118	1354	1765	2543	3.6	1.2	

## UK Growth &amp; Income

Index	1990	1991	1992	1993	1994	1995	1996
Mercury UK Equity	1133	1510	2038	3949	3.4	2.4	
Credit Suisse Growth Port Inc	1127	1507	2006	-	3.5	1.8	
Cazenove UK Equity	1147	1500	1879	-	3.8	3.1	
Morgan Grenfell UK Equity Inc	1068	1485	2084	-	3.5	3.7	
Proffitt UK Blue Chip	1104	1480	1830	-	3.6	3.3	
SECTOR AVERAGE	1070	1310	1853	2876	3.6	2.8	

## UK Smaller Companies

Index	1990	1991	1992	1993	1994	1995	1996
NatWest UK Emerging Cos	1329	1823	2736	-	3.6	0.8	
INVESTCO UK Smaller Companies	1478	1850	2517	2708	4.4	0.4	
Waverley Penny Shares	1111	1851	2344	-	4.7	-	
AES Smaller Companies	1408	1799	2528	-	3.7	0.7	
BND UK Smaller Cos	1245	1798	2396	-	4.2	0.7	
SECTOR AVERAGE	1266	1440	2087	2704	3.8	1.4	

## UK Equity Income

Index	1990	1991	1992	1993	1994	1995	1996
Jupiter Income	1242	1809	2855	-	3.6	4.3	
GT Income	1198	1808	2822	3352	3.7	4.2	
BND UK Equity Income	1204	1478	1778	2057	3.7	2.8	
Britannia High Yield Inc	1158	1475	2003	-	3.5	5.6	
Lazard UK Income	1104	1473	1870	2434	3.4	5.3	
SECTOR AVERAGE	1046	1277	1839	2707	3.5	4.8	

## UK Equity &amp; Bond Income

Index	1990	1991	1992	1993	1994	1995	1996
Proffitt Income	1088	1365	1742	2902	3.0	4.9	
CU PPT High Yield	1134	1322	1863	2732	3.5	5.8	
Edinburgh High Distribution	1058	1291	1475	2337	3.8	4.3	
Cazenove UK Equity & Bond	1053	1287	-	-	3.6	6.5	
NAP Higher Income	1054	1270	1871	2905	3.3	4.4	
SECTOR AVERAGE	1032	1190	1515	2277	3.0	5.9	

## UK Eq &amp; Bd

Index	1990	1991	1992	1993	1994	1995	1996
BND Balanced Portfolio	1189	1585	1906	-	3.9	0.8	
Credit Suisse High Income Port	1080	1433	2038	-	3.2	4.8	
NPI UK Extra Income Inc	1182	1390	-	-	3.2	2.5	
Perpetual High Income	1052	1282	2105	-	3.1	3.5	
Bellie Gifford Managed	1071	1304	1893	-	2.6	2.9	
SECTOR AVERAGE	1082	1294	1673	2540	3.2	3.4	

## Convertibles

Index	1990	1991	1992	1993	1994	1995	1996
Bellie Gifford Conv & General	1078	1432	2149	-	3.0	5.1	
Franklin Convertible	1100	1300	1868	2348	2.7	5.9	
Abnroth Fixed Interest	1138	1278	2072	2597	2.8	9.3	
Baring Convertibles	1088	1182	1807	-	2.8	4.9	
Proffitt Convertible & GFI	1041	1182	1464	1842	2.7	5.8	
SECTOR AVERAGE	1074	1205	1822	2174	2.9	5.8	

## Gift &amp; Fixed Interest

Index	1990	1991	1992	1993	1994	1995	1996
Thornion Preference Inc	1047	1234	1745	2229	2.3	8.8	
Exter Zero Preference	1045	1235	1889	-	1.9	-	
HTR Preference & Bond	1079	1188	1844	2037	1.8	8.5	
M&G Gift & Fixed Interest	1065	1163	1410	1815	2.8	7.4	
Murray Acumen Reserve	1082	1151	1400	-	2.1	7.8	
SECTOR AVERAGE	1082	1111	1484	1844	2.1	7.0	

## International Equity Income

Index	1990	1991	1992	1993	1994	1995	1996
Pembroke Equity Income	1157	1405	1785	2335	2.9	4.7	
Martin Currie Int'l Income	1058	1246	1874	-	3.2	4.0	
Mayflower Global Income	1034	1238	1859	2031	3.4	4.0	
GT International Income	1089	1237	1807	2684	2.8	3.0	
GEM Dolphin Int'l Gth & Income	1091	1225	1886	2184	3.0	2.9	
SECTOR AVERAGE	1084	1231	1738	2312	3.1	3.8	

## International Fixed Interest

Index	1990	1991	1992	1993	1994	1995	1996
Baring Global Bond	1038	1157	1602	-	1.9	6.5	
TBS International Income Inc	1018	1128	1491	-	1.9	6.1	
Thornion Overseas Income Bond	1089	1130	-	-	1.5	5.7	
Guinness Right EMU	1080	1110	1369	-	2.6	5.5	
Abbey Worldwide Bond	974	1097	1829	2189	1.6	4.9	
SECTOR AVERAGE	1006	1045	1408	1787	2.0	5.8	

## International Equity &amp; Bond

Index	1990	1991	1992	1993	1994	1995	1996
NPI Worldwide Income Inc	1134	1438	-	-	3.0	1.4	
Cazenove Portfolio	1081	1387	1787	-	2.6	2.4	
Gartmore PS Long Term Balance	1119	1383	1886	-	3.0	2.8	
Templeton Global Balanced Acc	1083	1340	1781	-	2.8	3.2	
Bank of Ireland Ex Mgd Growth	1114	1345	1865	-	3.0	3.1	
SECTOR AVERAGE	1085	1243	1614	2053	2.7	2.8	

## Int Growth

Index	1990	1991	1992	1993	1994	1995	1996
Proffitt Technology	1303	2351	4399	5943	5.5	-	
Franklin Health	1667	2086	3001	-	5.1	-	
HTR Global Technology	1087	1782	2552	5378	5.2	-	
Britannia Int'l Spec Op's Acc	1221	1723	2628	-	4.8	-	
Scott Equitable Technology	1183	1684	2278	4817	3.6	0.9	
SECTOR AVERAGE	1085	1316	1793	2605	3.7	1.0	

## North America

Index	1990	1991	1992	1993	1994	1995	1996
Govett American Growth	1387	2099	3268	4275	5.7	-	
NatWest US Smaller Cos	1613	2095	3427	-	5.2	-	
Gartmore American Emerging	1300	2044	3608	6106	4.9	-	
PM North America Growth	1289	2016	2955	-	4.3	-	
HTR American Smaller Cos	1420	1884	2905	3328	4.1	-	
SECTOR AVERAGE	1190	1433	2079	2789	3.3	0.7	

## Europe

Index	1990	1991	1992	1993	1994	1995	1996
Morgan Grenfell Europe	1451	2316	3721	-	4.3	-	
Baring Europe Select	1481	2274	3210	3190	3.7	1.9	
Jupiter Europe	1403	2050	2735	-	3.6	-	
INVESTCO European Small Cos	1488	2078	2398	3080	3.6	-	
Morgan Grenfell Europe Growth	1087	2051	2944	-	4.7	-	
SECTOR AVERAGE	1131	1557	1928	2790	3.4	0.9	

## Japan

Index	1990	1991	1992	1993	1994	1995	1996
Hill Samuel Japan Technology	1145	1279	1372	2894	6.8	-	
Martin Currie Japan	1108	1187	1498	-	5.7	-	
R&G Anglo Nippon Exempt	1246	1150	1267	2300	8.5	-	
Schroder Tokyo Inc	1023	1148	1477	2897	8.5	-	
NatWest Japan Acc	1152	1147	-	-	8.0	-	
SECTOR AVERAGE	1089	1182	1789	2787	8.1	0.1	

## Far East inc Japan

Index	1990	1991	1992	1993	1994	1995	1996
Schroder Far East Growth Inc	1064	1483	2108	-	5.9	-	
Abnroth Pacific	1048	1407	2131	4546	4.9	0.3	
Waverley Pacific Basin	989	1358	1853	2273	5.1	-	
Proffitt Far East	1086	1347	1812	2670	4.7	-	
Sun Life Far East Growth Acc	982	1338	1840	3397	5.8	-	
SECTOR AVERAGE	1063	1238	1741	3034	6.2	0.6	

## Far East ex Japan

94	1438	-	-	3.0
91	1367	1767	-	2.6
18	1363	1656	-	3.0
23	1345	1751	-	2.6
14	1345	1653	-	3.0
95	1243	1614	2563	2.7







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## INSURANCES







## Offshore Funds

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**BERMUDA**  
(ISB RECOGNISED)

**BERMUDA**  
**(REGULATED)**<sup>(1)(2)</sup>

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Country	Year	Value	Unit
France	1990	21.11	10.00
France	1991	21.11	10.00
France	1992	21.11	10.00
France	1993	21.11	10.00
France	1994	21.11	10.00
France	1995	21.11	10.00
France	1996	21.11	10.00
France	1997	21.11	10.00
France	1998	21.11	10.00
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France	2015	21.11	10.00
France	2016	21.11	10.00
France	2017	21.11	10.00
France	2018	21.11	10.00
France	2019	21.11	10.00
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France	2070	21.11	10.00
France	2071	21.11	10.00
France	2072	21.11	10.00
France	2073	21.11	10.00
France	2074	21.11	10.00
France	2075	21.11	10.00
France	2076	21.11	10.00
France	2077	21.11	10.00

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<b>Emerging Dynamic Fund Pk</b>			
NW	30.02	+6.01	
<b>Emerging Market Growth Fund Pk</b>			
NW	\$5.415	—	
<b>F.I.T. Investment Trust Ltd (n)</b>			
F.I.T. Cash Inv	\$763.70	+1.39	
F.I.T. Debt Growth	360.78	-3.30	
F.I.T. Gen Pk	\$252.16	+0.58	
<b>Falcon Market Fund Pk</b>			
NW	\$100.17	—	
<b>Franklin Investment Mgmt (retained) Ltd</b>			
Highway	\$11.46	—	
<b>Frank Russell Investments (retained) Ltd (n)</b>			
Japan Equity	\$742811.705		
European Equity	\$1711.824		
Emerging Markets Equity	\$117.558		
Global A	\$117.558		

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	Bid/Ask	Volume	Open	High	Low	Close	Change
18-21, Emerson Rd, Denver, CO	61000						
Discipline Fee	294.40	2392.50					
<b>ISD OF MAN (REGULATED)***</b>							
	Bid/Ask	Volume	Open	High	Low	Close	Change
For ASX Fund Management and Options Market							
<b>AXA Equity &amp; Lamer Ltd Fund Mgmt</b>							
European Equity	270.91	265.12	-0.98				
UK Absolute Equity	303.5240	373.00	-0.05				
North America Equity	297.40	297.40	-0.03				
UK Equity	236.60	248.91	-0.01				
Global Equity	199.20	200.00	-0.01				
UK Govt & Fed Inv	102.52	107.58	-0.14				
<b>Source of Involvement Asset Movement (BOND) Ltd</b>							

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107

5.81  
4.48



**FT MANAGED FUNDS SERVICE**

	Grain	Hay	Straw	Feed
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**OTHER OFFSHORE FUNDS**

Fund Name	Assets	YTD %	1 Year %	3 Year %	5 Year %	10 Year %	20 Year %	30 Year %	40 Year %	50 Year %	60 Year %	70 Year %	80 Year %	90 Year %	100 Year %
BlackRock International Fund	\$1.2B	12.5%	15.2%	18.1%	20.3%	22.1%	23.5%	24.8%	26.1%	27.4%	28.7%	30.0%	31.3%	32.6%	33.9%
BlackRock International Fund II	\$1.1B	11.8%	14.5%	17.2%	19.8%	21.5%	22.8%	24.1%	25.4%	26.7%	28.0%	29.3%	30.6%	31.9%	33.2%
BlackRock International Fund III	\$1.0B	11.2%	13.8%	16.5%	19.1%	20.8%	22.1%	23.4%	24.7%	26.0%	27.3%	28.6%	29.9%	31.2%	32.5%
BlackRock International Fund IV	\$0.9B	10.5%	13.1%	15.8%	18.4%	20.1%	21.4%	22.7%	24.0%	25.3%	26.6%	27.9%	29.2%	30.5%	31.8%
BlackRock International Fund V	\$0.8B	9.8%	12.4%	15.1%	17.7%	19.4%	20.7%	22.0%	23.3%	24.6%	25.9%	27.2%	28.5%	29.8%	31.1%
BlackRock International Fund VI	\$0.7B	9.1%	11.7%	14.4%	17.0%	18.7%	20.0%	21.3%	22.6%	23.9%	25.2%	26.5%	27.8%	29.1%	30.4%
BlackRock International Fund VII	\$0.6B	8.4%	11.0%	13.7%	16.3%	18.0%	19.3%	20.6%	21.9%	23.2%	24.5%	25.8%	27.1%	28.4%	29.7%
BlackRock International Fund VIII	\$0.5B	7.7%	10.3%	13.0%	15.6%	17.3%	18.6%	19.9%	21.2%	22.5%	23.8%	25.1%	26.4%	27.7%	29.0%
BlackRock International Fund IX	\$0.4B	7.0%	9.6%	12.3%	14.9%	16.6%	17.9%	19.2%	20.5%	21.8%	23.1%	24.4%	25.7%	27.0%	28.3%
BlackRock International Fund X	\$0.3B	6.3%	8.9%	11.6%	14.2%	15.9%	17.2%	18.5%	19.8%	21.1%	22.4%	23.7%	25.0%	26.3%	27.6%
BlackRock International Fund XI	\$0.2B	5.6%	8.2%	10.9%	13.5%	15.2%	16.5%	17.8%	19.1%	20.4%	21.7%	23.0%	24.3%	25.6%	26.9%
BlackRock International Fund XII	\$0.1B	4.9%	7.5%	10.2%	12.8%	14.5%	15.8%	17.1%	18.4%	19.7%	21.0%	22.3%	23.6%	24.9%	26.2%

James Earl Ray



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## Offshore Insurances and Other Funds

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# WORLD STOCK MARKETS

Highs & Lows shown on a 52 week basis

## NORTH AMERICA

UNITED STATES (Jul 12 / US\$)

(All prices in US\$)

NYSE

NASDAQ

AMEX

OTC

NYSE

NASDAQ

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## EUROPE

UNITED KINGDOM (Jul 12 / £)

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## ASIA

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## WORLD STOCK MARKETS

## AMERICA

## US equities move in volatile range

## Wall Street

US shares showed prospects of rebounding early yesterday morning, but by mid-morning most major indices had begun to slide and were lower in early afternoon trading, writes *Lisa Brunsen in New York*.

The Dow Jones Industrial Average moved quickly through more than 60 points in morning trading as it fell from its session high, up nearly 23 points, to a session low, off 41 points.

At 1 pm, the Dow was 25.86 weaker at 5,494.68. The Standard & Poor's 500, which climbed nearly 3 points in morning trading, was off 2.64 at 4,935.01, 1.71 weaker than the American Stock Exchange composite lost 1.69 at 547.40. Volume on

the NYSE came to 247m shares.

Laszlo Birinyi, president of Birinyi Associates, the equity research firm, said that equities appeared to be heading back toward the bottom of their trading range, but did not think the market would go much lower than yesterday's levels.

"I think we will look back three or six months from now and see that now was a pretty good time to buy stocks," he said.

Technology shares continued to be among the weakest issues on continued worries about earnings. The Nasdaq composite, like other indices, initially moved higher, but by early afternoon the index was 8.24 lower at 1,098.02 and the Pacific Stock Exchange tech-

nology index had shed 0.3 per cent.

All but one of the four largest capitalisation companies on the Nasdaq were weaker yesterday.

Microsoft lost 3.3% at \$111.75. Oracle was 4% weaker at \$37.40 and Cisco Systems shed \$1 at \$53.40. Meanwhile, Intel, the second biggest company on the Nasdaq, added \$1 at \$70.00 on reports that the semiconductor maker would cancel many of the price cuts it had planned for November.

Shares in health maintenance organisations, which were among the hardest hit in Thursday's sell-off, regained some of their lost ground. United Healthcare, the largest HMO in the US, sparked the decline with a warning that earnings would be well below

analysts' expectations and tumbled 13% on Thursday. The company's shares rose \$24 at \$334.40 yesterday.

US Healthcare rose 1% at \$51.40 and Oxford Health Plans added \$1 at \$24.40.

## Canada

Toronto turned back after a slightly stronger start as US economic data failed to clarify if the Federal Reserve would raise interest rates. The TSE 300 composite index was 17.50 weaker by noon at 5,087.50 on volume of 41.9m shares.

Among individual stocks, Aegion Resources eased 35 cents to C\$28.25, after jumping C\$6.60 on Thursday after news that Barrick Gold planned a C\$27 a share bid for the gold prospector. Barrick fell 35

## cents to C\$28.15.

Toronto-Dominion Bank rose 10 cents to C\$24.30.

BCE, Canada's largest publicly traded company, was flat at C\$66.45 after reaching a year's high of C\$66.60 on Thursday.

## Latin America

MEXICO CITY extended its losses in mid-session trading and the IPC index stood off 51.46 or 1.7 per cent at 3,004.83. Analysts described the fall as having been motivated by the decline on Wall Street. In SAO PAULO the Bovespa index was following its own course, and by midday had put on 1,512.32 or 2.3 per cent to 66,588. The market was being supported once again by strength in Telebras.

## Drug groups provide catalyst for Zurich

William Hall on the Swiss market's inexorable rise

Switzerland's stock market, the sixth highest in the world, used to be regarded as one of the least exciting. Its big, conservative companies were solid citizens who were rarely moved by the corporate fads and fashions of the day. They steadily plodded on, their eyes set firmly on where they wanted to be in the next hundred years rather than the next quarter.

However, all that is starting to change, which helps to explain why the Swiss market has come alive this year. On three days this week it hit new highs and by Thursday evening the Swiss Market Index had broken through the 3,000 level and the more broadly based Swiss Performance Index was comfortably above 2,400.

Both indices are showing gains of around 15 per cent so far this year and have already reached the targets many analysts set for the end of the year. Yesterday the SMI closed 24 up at 3,755.3.

The market has been led by the pharmaceutical stocks such as Ciba, whose share price is up 50 per cent this year, Nestlé, up 16.5 per cent and SMH, the Swiss watch manufacturer, whose registered shares are up by nearly a third.

The strength of the market has caught many international investors by surprise. It had already finished 1995 as one of the world's top performers. The SMI had risen by 23 per cent and, following an effective 7.5 per cent rise in the trade weighted Swiss franc exchange rate, dollar-based investors had seen a rise of over 40 per cent in the market.

Consequently, several global investment banks advised their clients to close their positions in Switzerland and realise their hefty price and foreign exchange gains.

In terms of the currency, non-Swiss investors made the right decision. The Swiss franc has fallen by nearly 5 per cent on a trade weighted basis since the start of the year. For dollar-based investors, this rise in Swiss equities is less than 5 per cent.

The weakness of the Swiss

franc partly reflects the surprising weakness of the Swiss economy. Growth forecasts have been steadily trimmed downwards. A fortnight ago a regular survey of 31 leading Swiss economists predicted a 1996 rate of 0.37 per cent, half last year's level.

However, the weakness of the currency is a bonus for most major Swiss companies which generate the bulk of their sales overseas. Only 2 per cent of Nestlé's sales are in Switzerland, for example, and the strength of this week's sales figures from Swiss blue-chips such as Roche, Ciba and Sandoz, show that corporate Switzerland is starting to bene-

fit from a weaker franc.

Credit Suisse's equity research team has looked back at previous periods of currency weakness and found that, on average, Swiss share prices rose 12.7 per cent during the last six periods of depreciation. They fell only once, and then marginally. This helps to explain why Swiss analysts have been upgrading their earnings forecasts. Bank Julius Baer, for example, expects corporate earnings to rise by 20 per cent this year - almost twice as fast as last year.

However, the positive profits outlook is not the only reason for the market's strength. Perhaps of more fundamental importance is the sign that Swiss companies are starting to undertake the kind of restructuring which led to a substantial improvement in the profitability of US and UK

companies several years ago. The merger between Sandoz and Ciba into Novartis is the most dramatic example of the way Swiss companies are starting to address the question of overcapacity and concentrate on their core strengths.

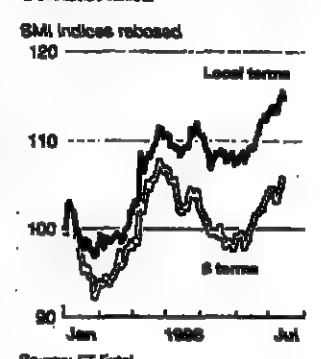
The same kind of developments are being seen in banking, where CS Holdings has announced a massive restructuring of its domestic Swiss business following its abortive bid to merge with UBS. Swiss Re, the world's second biggest reinsurer, saw its shares rise by 70 per cent last year following the arrival of a new chief executive, Mr Lukas Mühlemann, who has radically reshaped its business. No wonder that CS shares took off after the news that Mr Mühlemann had been given the job of knocking CS into shape.

However, there is a worry that the market is getting carried away in its excitement at the pace of corporate change. Short-term interest rates have risen noticeably since the start of the year. Government bond yields have risen to 4.3 per cent while the average equity yield is around 1.6 per cent. Meanwhile, according to Bank Julius Baer's figures, the market's estimated 1996 average price earnings multiple has risen from 14.6 at the start of the year to 17.8 currently.

SBC Warburg, in its latest quarterly analysis, estimates that the Swiss market is overvalued by between 10 and 15 per cent. Mr Hans Kaufmann, Julius Baer's head of equity research, by contrast, is less bearish. He thinks that comparing the Swiss market pie with other countries is misleading, because the more highly rated pharmaceutical sector comprises around 40 per cent of the market.

Nevertheless, even he accepts that the Swiss market is moving into unknown territory. If US interest rates were to go up, it would hurt the Swiss market. The market may be changing but it has not changed sufficiently that its upward progress can continue oblivious to what is going on in the rest of the world.

## Switzerland



Source: FT Intel

## EUROPE

## US influence pulls continental bourses lower

Wall Street provided an overriding influence on the European bourses. Shares in FRANKFURT were among those to fall, with the Dax finishing at 2,544.26 and the Dax at 2,548.97, a loss of 12.98. Turnover was 10bn.

Siemens was easier on concern about the earnings outlook for the group's semiconductor business. Siemens publishes nine-month earnings data on Monday and the shares eased 50p to DM78.74.

Flemings Research this week said it was forecasting a growth in full year earnings for Siemens of between 20 and 25 per cent and was expecting an 18 per cent increase in third quarter earnings. But there was a worry about the semiconductor division, in light of this week's news out of the US, and Fleming said that profits here would undoubtedly fall again.

PARIS weakened steadily through the session. By the close, the CAC-40 index had lost 23.11, or 1.1 per cent, to 2,150.55.

Bouygues, the construction company, was lower after announcing late on Thursday that it planned an internal reorganisation in which its roads division Scg would be sold to Colas for FF7.4bn. Bouygues dipped FF7, or 1.3

per cent, to FF7541 on the news, and Colas was FF145 off at FF7670. Bouygues has a 59 per cent stake in Colas through its CPTF unit.

AMSTERDAM witnessed a session low of 541.76 in the AEX before improving steadily to close off 2.37 at 547.01.

Philips continued to be affected by the malaise of high-tech stocks worldwide, losing FI 1.70 to FI 52.50. Its associate, Polygram, eased FI 2 to FI 50.90 on worries about an action alleging that CD manufacturers had kept prices too high.

REB shed FI 0.40 to FI 129 on

the week's changes

	% Change
Zurich	+1.5
Oslo	-0.5
Helsinki	-0.4
Stockholm	-0.8
Norwich	-1.8
Amsterdam	-2.1
Paris	-2.3
Milan	-2.4
Vienna	-3

s profit warning, mainly due to

MILAN fell 1.3 per cent, concerned that Goldman Sachs' downgrade of the market on Thursday might prompt an exodus by foreign investors.

## FT-SE Actuaries Share Indices

Jul 12		THE EUROPEAN SETBACK												
Hourly averages	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close						
FT-SE Eurostock 100	1671.94	1676.06	1676.01	1674.87	1674.29	1674.29	1674.40	1675.00	1675.58					
FT-SE Eurostock 200	1710.10	1717.45	1718.32	1718.15	1712.05	1712.05	1712.97	1714.89	1715.70					
		Jul 11	Jul 10	Jul 9	Jul 8	Jul 7								
FT-SE Eurostock 100	1686.00	1688.03	1680.90	1686.42	1700.35									
FT-SE Eurostock 200	1730.00	1732.35	1731.70	1728.13	1724.01									
Data from 10:00 GMT/EST. <i>Revised:</i> 100 = 1677.94, 200 = 1719.12. <i>Updated:</i> 100 = 1674.29, 200 = 1712.97, 1 Point = 100/250 = 0.4														























# Weekend FT



## The gigantic Olympics

Peter Aspdon looks at Atlanta and the sprawling madness that has become the modern Games

Some figures relating to the Olympic Games get bigger and bigger; others remain obstinately, agonisingly small. But they all count. A large one first: the highest number of countries, 197, will participate in Atlanta, starting next week, in marking a true globalisation of this grandest of world festivals. Now, more than ever before, we can safely talk of the largest sporting event of all time.

It is all very well, but some consolation to Helen Jepson, British 300-metres butterfly swimmer, who missed Olympic qualification by a fingertip; or as the sophisticated electronic timing revealed, six-hundredths of a second - a very small figure indeed.

The two numbers are related. To make way for the athletes from the 28 new countries added to this year's Games, stricter qualifying standards have had to be set for all sports. Jepson's heartbreak is another athlete's realisation. We all know it is the taking part, not the win-

ning, that matters; but some do not even get that far. Jepson should blame that perennial party-pooper in Olympic history: geo-political instability. The chief reason for the swelling numbers in Atlanta is the break-up of the former Soviet Union, and the creation of nation-states. It has caused an unprecedented scramble for the right to compete in the Centennial Games. So those who have made it to Atlanta will find a big Games; a giant Games: 11,000 athletes, 6,500 officials, 17,000 journalists. Other figures sound even more lumpy. We are told solemnly that International Business Machines, one of the Games' top 10 worldwide sponsors, "will generate 3 trillion bytes of data during the Games - the equivalent of a stream of paper stretching from here to the moon".

There is a lunar scale to most commercial ambitions in Atlanta. The 10 "TOP" (The Olympic Programme) sponsors - Bosch & Lomb, Coca-Cola, IBM, John Hancock, Kodak, Matsushita/Panasonic, Sports

Illustrated/Time, UPS, Visa and Xerox - have paid upwards of \$40m each to be associated with the Atlanta Games. Television rights for the Games have been sold worldwide for more than \$600m - an increase of 50 per cent from the sum paid for the Barcelona Games in 1992.

(Television was not always so willing a partner. In the 1936 Winter Games, at Cortina d'Ampezzo, the first to feature live coverage, the Olympic torch carrier tripped over the television cables, extinguishing the sacred flame. A spectator reit it with a cigarette lighter; the television companies and the Olympic authorities have remained switched on to each other's charms ever since.)

A souvenir licensing programme for Atlanta hopes to raise close to \$10m from merchandising sales alone. And then, finally, there are the tickets - 11m of them, to watch two weeks of sport which includes two new events, softball and beach volleyball. Has it all gone too far? Is

there a price to be paid for the gigantism of the Games? To some extent, the Olympics have had to expand to their present size, if only to compete with the mass appeal of other sporting events. There has never been such competition. It is taken for granted that we know what it means. It is what all those sponsors pay for: an image, an abstraction. But when the ideal is besmirched with dollar signs, the family forever bickering, the movement increasingly wandering into unfamiliar territory, has the magic word not lost its power to inspire?

Richard Palmer, general secretary of the British Olympic Association, would disagree. He has been *chef de mission* of the British Olympic team since the Moscow Games of 1980, and will retire after Atlanta. His position is that we get the Games we deserve.

"If there is an issue around, it will impact on the Olympic Games," he says.

He then rattles off a history of each Games and its attendant dark side: the cold war boycott of Moscow in 1980; the fit-for-tat boycott in Los Angeles in 1984; the drugs scandal in Seoul in 1988; the experience in Barcelona of dealing with athletes' agents for the first time, which, from the way he describes it, sounds

like the most onerous of all. But to the spectator, each of these Games offers very different memories: of Nadia Comaneci in 1976; Coe v Ovett in 1980; Carl Lewis in 1984; Flo-Jo in 1988; the basketball "Dream Team" in 1992. It is the intermingling of memories, in which sport's extremes are touched by the messy business of "real life", which renders them so vivid.

Asked which he has enjoyed the most, Palmer says that they all had their charms. He loved the atmosphere last time round at Barcelona, but he clearly resents having spent six whole days resolving drug-related issues.

He says it is impossible to predict the issue which will dominate Atlanta, but he seems sure that there will be one. It will be surprising if drugs do not figure some-

where. The International Olympic Committee says that its new high-resolution mass spectrometer is the most effective drug-detector yet invented; but it has had to be. Drug-taking, and masking procedures, have become sophisticated in recent years.

These were not the issues which worried Baron Pierre de Coubertin, founder of the modern Games in 1896, although he would not have been as fazed by today's excesses as one might think.

In spite of his portrayal as an ingenious romantic, with a passion for amateurism, brotherhood and what we today call "fair play", his vision was pragmatic and hard-headed. A pedagogist by inclination, he stressed the link between sport

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Joe Rogaly

## Timelords of poverty

More than charity will be needed on the death of the welfare state

When the Germans start nibbling at the edges of their social budget you have to ask yourself - is the modern welfare state, founded by Bismarck, for the chop? Probably.

We can cut through the abstruse arguments about this conundrum, and concentrate on the decider. The economics of European Monetary Union are beside the point. The timetable for the single currency has nothing to do with the case. The affordability of better pensions or larger unemployment benefits is an irrelevance. As to the obligations of the rich, don't make me laugh.

The central question concerns the future of state-financed welfare. It is dire. Taxpayers will not pay for it. They tell poll-takers they will, but they lie. They vote for parties that promise, often falsely, to reduce or not-increase taxation. There can be only one conclusion. The welfare state as developed during the present century may be with us for a while yet, but not forever.

It might implode rather suddenly, like communism. At best, it will contract slowly, possibly over decades. Whatever the pace, the years of unchallenged expansion are over. This is becoming evident in France, Italy and even the profligate Netherlands as well

as Germany and Britain - not to mention the US and other ex-British colonies.

What will replace it? We cannot know. Some American theorists think they have the answer. These driven folk, timelords of the minimalist state, are still gleefully setting the dials. Follow their flight for a moment. Before you know it, we have landed in 1950, or, if the brakes are not quickly applied, somewhere in the 19th century. Oh happy day! Even if we only make it to the half-way stage, back to the 1950s. Life is orderly, suffused with sunny contentment, security and comprehensible social structures.

Parents are married, one to the other. When men swear it is in private, and not in front of the ladies. The Christian Church influences what people do, although not as much as if our backwards dance were to lead us to Victorian times. Philanthropy rules. People work hard and call their betters "sir" or occasionally "madam".

I was put in mind of this unlikely prospect by a celebrated timelord, Father Robert A. Sirico. We had a brief chat. He is president of the Acton Institute for the Study of Religion and Liberty, a conservative, ecumenical, think-tank based in Grand Rapids, Michigan. He intimated that in his

youth he was associated with radicalism in California. Did I hear him say "Jesse James", at this point?

To be fair, Father Sirico is no nutter. He is eloquent, erudite, a Catholic priest. He could easily reject the accusation that he proposes to take us backwards; his advocacy of moral absolutes is timeless. He has some good lines. Rather than write cheques to

We cannot travel back, yet we have no idea of what going forwards will mean

the Internal Revenue service, true Christians should embrace the poor, smell them, take them into their homes.

Recipients of cash become dependants; what is required is direct personal concern, enabling people to get back on their feet again, to fend for themselves. "Tough love" is the contemporary phrase. If individuals feel they must be philanthropists, money given could be deductible as a tax credit, lopped off the federal welfare budget in Washington. In time, welfare would be privatised.

Yet if this is to be the pattern, can the unfortunate rely on personal generosity, the Church and voluntary organisations to pick up where the state leaves off? No. In Britain the Christian churches are feeble, the voluntary sector too muddled, the spirit of philanthropy erratic. Something could be done, perhaps by people like John Bird, who started a British magazine, *The Big Issue*. Homeless vendors sell it on the streets.

Father Sirico wants to see more "poverty entrepreneurs". He cites William Booth, founder of the Salvation Army. We need such individuals he argues.

We need more than that. We have to clear our heads. In Britain this week the Independent "Commission on the Future of the Voluntary Sector" published a report that revealed the ramshackle nature of the laws governing private charitable institutions. A forthcoming Institute of Economic Affairs pamphlet by Robert Whelan intimates that the "contract culture", the mechanism whereby charities receive money from government in return for undertaking set tasks, is contrary to the moral purpose of their Victorian founders.

The timelords apart, thinking about what could replace centralised state welfare is sketchy. The enormity of what

lies ahead, the winding-down of the huge 20th century social security apparatus, is only slowly sinking in. We are not even sure of who counts as needing our help.

The Victorians knew about orphans, the physically and mentally disabled and the unemployed. They had societies to assist just about every other category. Today it would be different. The very old are with us in far greater numbers. The 21st century will contain people living without roots in cities, cut off from family life, depressed, simply not up to coping. Are these to be the deserving or the undeserving in the eyes of the Church, the voluntary sector, the ramp state?

In the 19th century the extended family might help, or the local church, or the parish council. None of them is equipped to replace the services offered by the welfare state. The religious impulse behind Victorian philanthropy is not as strong as it was. City or district councils are as subject to central government to the unwillingness of residents to pay taxes.

In short, we cannot travel backwards in time. Yet we do not have the faintest idea of what going forwards will mean. It is easy to foresee the consequences: the hard part.

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PERSPECTIVES

The Nature of Things

# Why diamonds top a hard league

Andrew Derrington considers what it takes to be really tough

**W**hy should a piece of glass tough enough to withstand a blow from a hammer shatter when it is bent between finger and thumb? It has taken more than 330 years to produce the complete answer to this question, which King Charles II of England put to his scientific society (now the Royal Society) in 1661.

The king was referring to Prince Rupert's drops, tadpole-shaped pieces of glass produced by dropping molten glass into cold water. The spherical head resists huge forces - it is strong enough to support a car (or a wagon in King Charles's day) and can be hammered on an anvil - but snapping the long tapering tail between finger and thumb causes the whole drop to explode into tiny fragments.

In 1665 Robert Hooke, the pioneer of microscopy, published pictures of drops that had been encased in transparent glue before breaking, to reveal the thousands

of tiny cracks that criss-cross its surface.

He concluded that the drop shatters because it is in a state of tension. Now, 300 years later, high-speed photographs have shown how a drop rips itself apart as cracks shoot through its core at speeds up to 1,900 metres a second, six times the speed of sound in air.

The cracks are driven by huge tensions set up in the core of the drop when it is formed. The outer surface solidifies rapidly when the drop hits the water. But glass is a poor conductor of heat, so the core cools much more slowly.

As its temperature falls, the core tries to contract but it is held in

place by the solid outer surface. The huge tensions generated are resisted by the rigid outer surface, where they are balanced by compression forces. Once the outer core is breached - which can most easily be done by snapping the tail of the drop where it is very thin - the balance is broken. The tensile forces are unleashed and they tear the drop apart.

The compressive forces in the surface of Prince Rupert's drops are responsible for its paradoxical strength. According to Jim Williamson, of Imperial College London, the fragility of normal glass is caused by the fact that its surface is riddled with microscopic cracks.

Consequently any force applied to the glass is concentrated on the material in between the cracks.

"The theoretical strength of glass is very high indeed," he says. Glass manufactured so that its outer surface is compressed to prevent cracks from growing will be very strong.

Prince Rupert's drops have this property, but they are not much practical use. Fortunately the same process that makes them strong - rapid cooling of the surface so that it solidifies before the centre - can be used on sheets of glass to make it tough enough for car windows.

There, too, the internal stresses in the glass ensure that when it

breaks it shatters into tiny fragments. Chemical toughening, where the surface layers are expanded by replacing the sodium atoms in the glass with bulkier potassium, is much more expensive, but produces a much tougher finish. This is how the windscreen of Concorde is produced, Williamson says.

But even the toughest glass falls a long way short of diamond, which was used to make a tiny window on the Pioneer space probe to Venus.

Diamond is, in fact, the hardest substance known, has limitations. It burns at about 700°C in air - and so it cannot be used to

drill through steel. And it just might be possible to come up with something even harder.

Diamond owes its toughness to its atomic structure. The carbon atoms in it are bound together with bonds, known as covalent bonds, that are very short and very strong. In a covalent bond the atoms are bound together by sharing electrons, like holding hands. Bonds like those in a salt crystal, made by swapping electrons between atoms so that the atoms are held together by the attraction of opposite charges, are much weaker.

About 10 years ago Marvin Cohen and Amy Lin, of the Univer-

sity of California at Berkeley, worked out how to calculate the hardness of a substance from the nature and arrangement of the bonds between the atoms in a crystal. They calculated that a compound of carbon and nitrogen, beta carbon nitride, would be even harder than diamond, if anybody could make it into crystals.

Since then the hardness calculations have been checked by measuring a closely related compound, beta silicon nitride, but the carbon nitride has so far eluded attempts to make it, although many hi-tech approaches have been tried.

Summarising the recent history of attempts to synthesise this compound, Robert Cohen of Cambridge University said: "The prospects for making carbon nitride in quantity are not glowing at all."

It looks as if diamond is going to stay top of the hardness league for some time to come.

*The author is professor of psychology at the University of Nottingham.*

Minding Your Own Business

## Babar the elephant expands his horizons

Grania Langdon-Down meets Philippa Ladbury who has found a niche in the UK children's market

**P**hillippa Ladbury chose Bastille Day - one of the most significant dates in the French calendar - to mount her assault on the UK's book and gift market.

On July 14 last year, she launched a catalogue aimed at increasing the popularity of some of France's most treasured cultural icons in Britain.

Babar the elephant, who is about to celebrate his 50th anniversary, Asterix, the cartoon warrior, Madeline the schoolgirl, Antoine de Saint-Exupéry's *The Little Prince* and Béatrice, the little Breton maid, have retained their strong French identities. Yet they clearly appeal to a Francophile niche in the UK children's market.

UK, can you bring this book or that toy because we cannot get them in England?

"So I started thinking about the possibilities of using my experience working in American character licensing on an Anglo-French venture."

The copyright of the characters is usually held by the authors or their families. Manufacturers buy a licence from them enabling them to produce goods featuring the characters, for which a royalty is paid.

Ladbury said: "Babar and

**'We have a customer base of about 4,500. But we have a growing number of international customers'**

While Babar and Asterix are available in the UK, the range of goods featuring the characters is limited. And Ladbury, 33, a former management consultant, felt this was a niche she could expand into a business opportunity.

She has lived in Paris with her son Frederick, now seven, for the last four years. Ladbury took her MBA at the Insead business school in Fontainebleau and found that she loved France. After the course finished in 1992, she jumped at the chance of working for Walt Disney's character licensing operation at its European headquarters in Paris.

Ladbury was fascinated by the psychology of character merchandising for children - how long characters remain popular, how the products are viewed by the consumer.

At home, she introduced her son to Babar and Asterix and when friends from the UK came to visit, the demand for such characters became obvious. "While you can get some toys and books of Babar and Asterix, they are not always easy to find. Friends who had visited were always saying, 'When you come back to the

others are very important French symbols. The people who manage the licences set very stringent standards and without their support, it would be very difficult for a new business to get off the ground."

Most licensing is done on a national basis, covering specific territories. She found most suppliers happy to have export sales, while others preferred to invoice her in France.

Ladbury has talked to Department of Trade officials about how licensing structures hamper free trade in the European Union. But she accepted substantial change would take years and it was feasible to work within the existing system.

After investigating the market, Ladbury decided to produce a high-quality mail order catalogue offering a range of books, cassettes and videos - in French and English - and goods such as toys, bed



Philippa Ladbury with her son Freddie: "Babar and the others are very important French symbols"

linen and posters featuring the French characters.

"I sat down with mothers, grandmothers and children and tested out their reactions. There has also been a big growth in French clubs being run in the UK and I looked at the sort of material they wanted and what they could find already. I then did a lot of product research and screened out items I thought were unsuitable."

The first step was to register her company, Tous Mes Amis, in the UK in April 1995. Three months later, she launched her first catalogue on July 14 - with each of the 10,000 copies costing £1 to produce, plus the time spent preparing it.

Ladbury explained: "I decided that if I charged £2 for the catalogue with the money refunded if an order was placed, I could convert browsers into customers. We

have not done any mail shots as I did not want to pay for a mailing list when we did not know who our customers would be. I have relied instead on advertising and editorial coverage."

"We now have a customer base of about 4,500, mostly in the UK. But we have a growing number of international customers."

French manufacturers principally export to the US, Germany and Japan but few other countries because of the strength of the French franc. "That is one reason why I felt there was a market for my venture," she said. But Ladbury, too, has struggled to keep her prices attractive in the face of the exchange rate. She found that a lot of manufacturing in Europe was small scale.

Her first catalogue contained items from 36 different suppliers and the second used 53 sup-

pliers for the 420 items on offer. Having such a large number is costly: "We cannot buy the goods to match our orders because we have so many suppliers and because we cannot risk being caught out by unexpected delivery delays. We have to be able to supply our customers promptly and reliably from our own stock and that ties up about £25,000 capital at any time."

Ladbury gathers the goods in a warehouse in Calais and then sends them to a friend's home in Farnham, Surrey. Her sister and two part-time helpers administer the orders, pack and dispatch the goods. Setting up Tous Mes Amis required about £50,000 working capital, mostly financed through a bank loan.

In its first six months, turnover was well into five figures and Ladbury is confident that it will be "comfortably into six

figures" this year. Depending on how the business develops, she is considering taking out a licence herself to produce some items, such as clothing, to cut costs and ensure better supply lines. For now, Ladbury makes sure her own expenses are covered - including many trips on the Eurostar - but has yet to take a salary.

"The plus side of running your own business is the excitement of developing an idea you believe in. Sitting in a big corporation or a consultancy producing exciting reports is 100 miles away from managing the cash flow to pay the suppliers and checking you have got the margin right to pay for salaries, growth, company tax. I really enjoy the challenge," she said.

*Tous Mes Amis, PO Box 154, Farnham, Surrey GU9 8YD. Tel: 01253-733188. Fax: 01253-735532.*

Dispatches / Farhan Bokhari

## Women, sport and Islam

**I**n her traditional Pakistani dress - baggy trousers known as *shahwar* and a long shirt - Shabana Akhtar seems an ordinary, quiet girl in her mid-20s. But she is a newly emerging celebrity - the only woman from Pakistan to make it to this month's Olympic Games in Atlanta.

Out on the track at Pakistan's national sports complex in Islamabad, Akhtar warms up like any other athlete during the late afternoon's blistering sun. Aggressive in her style, she goes through another day of long jump practice - the event in which she would compete in the Olympics.

Akhtar has already attracted attention from Pakistan's popular newspapers, even if she is not in with a chance of a medal.

She is, however, not alone in her endeavours. At least 50 young women athletes and those in sports such as volleyball, basketball, table tennis and handball, are using the sports complex in Islamabad - for years the almost exclusive preserve of men.

Their arrival is the first sign that the country is getting set for the 1997 second international Islamic women's games, known popularly as the "Islamic women's olympics". Up to 68 Islamic countries have been invited and roughly half are expected to send teams.

The issue of Pakistani women in sport remains controversial. In Karachi, a city of 12m, many women are still bitter over the last minute cancellation of a cricket match in April between Karachi's women's cricket team and the country's top retired cricket stars.

The decision to call off the match came after strong protests from the religious Jama'at-Islami party, which warned the organisers of dire consequences if they went ahead. But women like Akhtar are determined to beat the odds. She says: "I don't know why mullahs discourage women, maybe it's... because Pakistani women have more talent." In spite of that confidence, she is prepared to wear long trousers and a sports shirt during the Atlanta Games.

The bitter legacy of restricting women from sports is the result of almost two decades of Islamisation which began with the rule of the late military dictator, General Zia ul Haq, in 1977.

During the following decade, women were restricted from going on overseas sports tours, especially to countries where a more liberal view was taken and matches between opposing teams could have been opened to male spectators or even televi-

However, the issue is more complicated when seen in the background of conservative values that stretch across this country, especially in middle and poor class homes.

Tarık Jan, an Islamic research scholar at the privately funded Institute of Policy Studies in Islamabad, is convinced that the country's "silent majority" takes a more conservative attitude towards the issue of women in public life, in contrast to the demand for more freedom by groups with interests such as sport.

He explains: "All Islam wants to have is that if they [women] want to participate in sports, they should have their own exclusive women sports, and men should not be allowed to mix with them because women are supposed to observe modesty as well as men are supposed to observe their modesty."

The government, however, wants to give more freedom in areas such as sport, so long as a direct clash with critics can be avoided. Most of next year's games, would probably be held away from the limelight of the cameras and male spectators.

The Iranians, who hosted the first such games two years ago, have already objected to media coverage, especially on television.

**S**hehbaz Waseir Ali, the prime minister's adviser on social welfare who heads the official organising committee, says: "We will look at each event and see what is appropriate for media and at the same time if there are any countries that have any reservations, we will take their views into consideration and those particular events that those countries occupy in need not be televised."

All is determined not to let next year's event become controversial, and adds: "We don't want politicisation of the games, nor do we want games to be held hostage to elements of religious or any other ideological extremism."

"We want a moderate path, we think women have a right to participate in sports and athletics, we do think that the framework for these games would be somewhat different from the regular Olympic Games."

Organisers are also faced with the difficult problem of raising at least \$500,000 (\$184,650) in sponsorship. The government has committed about 40 per cent of that amount.

All is confident that a series of Islamic invitation games, planned for October as a prelude to next year's event, will help to raise interest from sponsors.

Continued from Page 1

and physical health, which he saw as a prerequisite of winning wars - a view which he hoped would convince a French nation smarting from defeat in the Franco-German war. His nation would not listen, so he turned to the international stage. Thus was born the Olympic ideal of global competition.

Contrary to the purists' view of the past, high-level diplomacy and commercial interest were also prominent features of the 1896 Games in Athens. Coubertin showed nimble political skills to obtain agreement for his proposal to revive the Games, while in Greece itself, taxi-drivers and small businesses were the most

enthusiastic supporters of the project.

Where Coubertin showed naivety, however, was in his insistence on amateurism and his belief that professionalism in sport constituted a kind of moral decay. This was a misreading of the ancient world, which he so revered.

Victors at Olympia, although they only received an olive wreath at the festival, were richly rewarded when they returned to their native cities. There was, too, a version of commercial branding at the Olympic Museum in Lausanne, one can admire a discus from the 5th century BC advertising the name of its manufacturer, "Simos Made Me".

Coubertin's attitude to Olympism, however, was conditioned by the times in which he lived, by the gentlemanly

ethic of sport-for-fun. And that remains the case today. As Christopher R. Hill argues in *Olympic Politics*, many countries from the developing world have an interest in preserving a nostalgia for a pre-commercial, pre-professional age. But it has little to do with ancient Greece.

So one looks elsewhere for parallels between the Games first held at Olympia in 776BC and today's sprawling madness. To the issue of the ancient "sacred truce", for example, not as Coubertin maintained, a promise that all hostilities would cease during the Games, but a guarantee that all athletes would have a free passage to achieve their destination.

The issue of free passage arose dramatically in modern

times in the build-up to the Moscow Games, when, as Palmer describes it, Margaret Thatcher launched a "fierce attack" on Britain's athletes to persuade them to support the American-led boycott of the Games, in protest against the Soviet invasion of Afghanistan.

"It was the Magna Carta that allowed us to leave the country," recalls Palmer. "If she could have stopped us, she would have. We were exposed to some fairly brutal pressure."

Other threads of continuity are more subtle, but remarkable likenesses between ancient and modern constantly surface. Some are visually suggestive: study the statue of Apollo, in Olympia's magnificent museum, which originally dominated the west pediment of the Temple of Zeus. He is a severe, still figure, staring

coolly at the mayhem - drunken centaurs attempting to abduct a bride - all around.

Now study the face of Linford Christie, shortly before he takes the blocks of a 100-

**The Greeks did not see the Games as an essentially friendly affair**

metres race, keeping out the modern mayhem of photographers, officials, rivals with a look of utter concentration. The stillness, the quietude of the Greek statue, finds its echo 2,500 years later. Olympism

was always about order, dignity, harmony. It continues to be found in today's Games, if only deep within each athlete.

We are closer to the ancient ideals than we realise. The Greeks did not see the Games as an essentially friendly affair, nor did they believe that sport could eliminate conflict between peoples. Sport was a deadly serious business, to stand beside art, politics and religion. Much of the sentimentalism of Olympic rhetoric is borne of 19th century aristocratic view of antiquity. The Greeks have a word for it: *archaologia*, the adoration and idealisation of all things ancient. It often leads to a travesty of the truth.

Meanwhile, the promoters of today's Olympic Games make their own associations with the past. Far from being embar-

assed by the commercialisation which threatens to engulf the sport, they make a virtue of it. Andrew Young, former mayor of Atlanta and US ambassador to the United Nations, has made his own contribution to defining Olympism by his telling remark: "I see the commercialisation of sport as the democratisation of sport." He might have added, 197 countries cannot be wrong.

And somewhere in the middle is sport itself: a not-so-innocent lightning rod for the troubles of the world. During the next weeks, we are sure to hear of Algerian women who show extraordinary courage even to don a pair of running shorts; of Northern League separatists from Italy, threatening to unfurl banners of protest; of plucky no-hopers and arrogant champions. Sport and real life

will mix again. It will be memorable.

And let us not worry too much about defining Olympism. You know it when you see it. The most emotional moment on the track at Barcelona came when the British athlete Derek Redmond, running in the 400-metre semi-final, suddenly pulled up with a hamstring injury.

In spite of the pain, he was determined to finish the course, long after all his rivals had crossed the line. His father burst through the security cordon to offer him an arm of support. The two men hobbled to the line, the father fulfilling of an outrageous dream.

You can exploit an Olympic moment, market it, turn it into a T-shirt, a keyring or a snazzy teddy bear. But you cannot make one up. It just happens.

*Olympic Politics: Athens to Atlanta 1896-1996 by Christopher R. Hill, Manchester University Press.*

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**F**inishing a book, if you are lucky, usually means a brief flurry of publicity around publication and then getting on with the next one. My experience in writing a book called *Did Marco Polo go to China?* has been quite different, both before publication and after.

Before I wrote the book, I knew that Marco Polo was a household name in Europe but I was unaware that millions of people all over the world felt passionately about him and would be paying for blood.

Neither had I any idea of the power of the press. Some weeks before publication date and without warning, *The Times* published an article (and a leader) about my contention that Marco Polo did not go to China. The response was immediate, starting with BBC Radio 4's *Today* programme which rang the British Library at dawn in the vain hope of catching me at my desk; for the rest of the day the switchboard was jammed with calls from Italian newspapers, Brazilian television and Canadian radio among hundreds of others.

My intention had been simply to try to separate the man and such facts as can be established after 700 years, from the myth. I realised that Italians might feel a bit strongly although since, like Marco Polo's ancestors, I had only travelled to Venice by boat I did not know that Venice's airport is named after him. The dozen Italian journalists who interviewed me mostly did so by phone and, invisible body language aside, they all seemed very polite, non-nationalistic and full of praise of British historiographical objectivity but I realise now that none of them sent their articles to me.

At an academic debate on Polo organised by the Italian department of University College London, I met Aldo Tucci of Venice University, a renowned specialist in medieval trade. His first words were: "You will be killed." As early as February 1986, the Chinese newspaper *Zhonghua dushubao/China Readers' Weekly* suggested darkly that I was very unlikely to be allowed to visit Italy ever again.

Reviews of the book have demonstrated various aspects of international relations. The Brazilians were wildly enthusiastic partly because if Polo goes down, he takes Christopher Columbus (who thought Cuba was Polo's Japan) with him, leaving the field to Portuguese explorers and Harrada's description of China (1886) the full-est early eye-witness account.

American journalists have, thus far, been amused and fairly amusing but more serious consideration may occur when the American edition is published later this summer. In England, I failed to convince William Dalrymple in the *Independent* but as he had already written a very engaging book about following Marco Polo's footsteps, I was not likely to.

He said: "...the conclusions of Dr Wood's book appear highly suspect and raise far more questions than they answer," which gave me great pleasure as that had been my intention: to raise questions and suggest avenues of exploration rather than offer the last word.

Noel Malcolm in *The Sunday Telegraph* was more stern, denouncing "a series of negative arguments appealing to non-existent evidence" and Timothy Barrett in the *London Review of Books*, though more forgiving, was equally unconvinced.

I realised, too late, that I probably spent too long discussing the things that Marco Polo missed out from his description of China: the Great Wall, the script, bound feet, tea-drinking and (one that I, too, missed) the use of chopsticks. I included the Great Wall as an omni-



## Marco Polo – a man or merely a manuscript?

Frances Wood, head of the Chinese section of the British Library, touched off a big controversy when she wrote a book saying that Marco Polo, the world's most famous globetrotter, had never gone to China. Here she describes what it is like to be in the eye of the storm – and stands by her story

sion, not because it particularly helps the negative case but because of scholarly work by Arthur Waldron (who concluded that the Great Wall did not exist at the time).

"Omissions, however, can be very personal. I am currently revising the *Blue Guide to China* that I wrote some years ago and I know that it is my view of the place despite my efforts to be fair and include things that I do not like or find interesting or, in the case of the increasing number of "theme parks", even wish to contemplate.

Obviously, if Marco Polo was in China, whether or not he noticed things and, more crucially, wrote about them in his *Description of the World*, was a personal matter. One "omission" that continues to intrigue me, however, is that of bound feet. They are not mentioned in any of the early Polo texts although Ramusio's printed version (1589) includes a reference to tiny footpads and a curious swaying gait, which could be ascribed to footbinding.

Marco Polo's many champions assert that he spent all his time with Mongols (who did not bind

their women's feet) and thus could not have seen them, and the same argument is used about tea-drinking which was not common among Mongols at the time. If Polo was, as he declared, sent on fact-finding missions by the Khan, to brief him on the customs in his newly conquered domains, he was wasting the Mongol Khan's time by consorting only with Mongols.

Others suggest that he was not interested in feet but they have been objects of horrified interest to all other Europeans since 1320. A more convincing doubt is that perhaps not very many women had bound feet at the time for the fashion was in its infancy, and that Chinese women thus crippled were kept within the walls of the home and not to be seen on the streets.

The serious enclosure of women

was slightly later and though we have no statistics on the numbers of bound feet in the late 13th century, one of the most interesting counters to this argument is that bound feet are described by Odoric of Pordenone, who travelled in China in the 1320s and dictated his memoirs in 1330. Odoric was a travelling friar with none of the apparent status and social entree of Marco Polo.

Comparisons with Odoric continue to interest me. But such are the complexities of text, myth and history that I have begun to have doubts about Odoric as well as Marco Polo. The text is almost over-convenient, plugging the Polo gaps.

Another participant in the Tucci debate, David Trotter of the University of Wales, a medieval linguist who has edited Odoric, confessed to

similar, though much more solidly based, doubts. He pointed out the similarities between the creation of Polo's *Description of the World* and Odoric's *Travels*. Both were (apparently) dictated, Odoric's on his death-bed, raising immediately the question of a "second" voice and how much the texts were edited.

In the prologue to the *Description of the World*, Polo states that he dictated his story to a fellow-prisoner of the Genoese, Rustichello of Pisa, a well-known romance writer who had written several Arthurian tales for Edward I of England. While Rustichello's capture is reasonably documented, no one can decide quite why and when Marco Polo was imprisoned.

The apparent collaboration between Polo and Rustichello has been studied by Benedetto, who

pointed out the similarities between rhetorical forms found in the *Description of the World* and Rustichello's romances.

More recently, John Critchley subjected various versions and editions of the *Description of the World* to computer analysis and found not two "voices" but several, suggesting a team of collaborators.

Barbara Wehr of the University of Mainz, a romance philologist like Trotter (and the third professor in the Tucci debate) goes so far as to suggest, on the basis of linguistic and literary style, that Rustichello may have "invented" Marco Polo. The use of Marco Polo as a dramatic device is a fascinating concept which works both for and against Polo.

Perhaps there was, indeed, a dull travel manuscript which Rustichello worked into a fantastic tale with a hero. Who wrote the travel manuscript? It could even have been Marco Polo. Wehr and Trotter agree that what is important is to forget the argument about Polo the person and return to the texts of the *Description of the World*.

Stung by my critics, I have been

looking at the earliest texts in the Bodleian and the British Library, including several Papiro versions. The greatest problem in textual Polo study is the absence of the "original" manuscript. One of the versions that is generally accepted as "early" is the medieval French manuscript Ms. Bodley 251, copied in about 1400. This, like all the other early versions, is very short: a mere 58 folios including 38 marvellous illustrations.

It is bound together with two other texts, a *Roman de Alexander* (copied in 1338) and (copied by the same hand as the Polo text) *Didimus, King of the Brahmins* a bizarre Alexander story translated from Latin into English alliterative verse of the West Midlands dialect. A plain and unadorned but equally brief version can be found in the earliest Venetian manuscript of the *Description of the World* in the British Library's department of Manuscripts, dated 1437. It is only 39 folios long.

Their brevity is the most instructive aspect of pre-16th century versions. Consider the story of the Manchiches of Fuzhou. In all early versions, the description of Fuzhou is a couple of lines long and reads almost uniformly: "Through the middle of this city runneth a river of seven miles in breadth. And in this city there be many ships and is laden with plenty of spices and divers other merchandises that is gathered near unto that river and precious stones which be brought out of India Major. This city standeth very near unto the ocean seas and hath abundance of all kinds of victuals or anything else is needful."

The addition of the Manchiches occurs first in the Toledo manuscript, discovered by Sir Percival David in 1933. This manuscript is generally described as mid-15th century and it is striking for the number of passages not found in versions assumed to be earlier. The unity of the earlier descriptions of Fuzhou suggests to me that the Manchichean passage has been inserted.

Even professors clearly turn to the Monte and Pelliot (1939) or the Penguin edition of Marco Polo's *Travels* where the description of Fuzhou, bolstered by Toledo's Manchiches, stretches for a full four pages. It seems clear that whatever the original text, it was regarded as non-sacred by copyists who freely added further useful information about China. Thus the description of the Manchiches does not tell us that Marco Polo saw them with his own eyes but that at some point someone mistook Manchicheans for Christians in Fuzhou and their anonymous account was inserted.

It is clear that Marco Polo has had considerable posthumous editorial assistance. Popular versions such as that of Ronald Latham, first published by Penguin in 1958 and still in print, have formed the myth of Marco Polo and his book. The fact that the Penguin text is a compilation, including sentences, paragraphs and passages taken from up to 47 different manuscript and printed editions of the *Description of the World*, all of which post-date Marco Polo's death, says as much as 300 years, is still not enough on board by the Polo enthusiasts.

Like Marco Polo's fans, I find myself continuing the argument. I still receive letters about it, the most recent an absolutely fascinating and erudite bundle of pages discussing the vegetable lamb of Tartary, water sheep and Cibotium barometz, all of which form one of the many footnotes to inquiry into Marco Polo which still give me much pleasure, even if I cannot convince the rest of the world about the unreliability of both the man and the text.

**A**round her neck she wore a silver chain with the word "BABY" dangling from it. Around mine I wore a cream foam surgical collar. She was cool in the summer heat, her pale blue satin blouse open almost to the waist. I was sweating.

Tamara Beckwith is a fluffy bunny, an heiress, a socialite. The daughter of property tycoon Peter Beckwith she is famous for being famous, endlessly featured in the tabloids and in *Elle* magazine. Her curriculum vitae (sent to me before the meeting) was titled "Girl Behaving Badly" and was a boasting recital of misdeeds – expelled from Cheltenham Ladies College, had a baby when she was 16, staged a riot at the Berkeley Dress Show Ball, was arrested for possession of cocaine, and has dated all sorts of Hollywood types, including Sylvester Stallone.

She had chosen to eat at The Collection, not just because it is the latest spot in London for ladies to lunch, but because it is owned by Mogens Tholstrup, the boyfriend of her friend Tara Palmer-Tomkinson.

The entrance to the restaurant is invisible to those not fashionable enough to know what they are looking for and I walked up and down the Brompton Road in increasing distress before finding it. Inside it was the usual 1890s affair: wood, brick and suede, with waitresses and guests strutting as if hoping to be discovered by a modelling agency.

I was led upstairs, placed at a small table and then ignored. A long time passed. I watched the diners pour in and kept thinking I had spotted my guest as a procession of tall, thin, blonde women mounted the stairs.

After about half an hour an even taller, even thinner blonde came in wearing tight white hipsters. This surely was Tamara. With her was a young man also wearing a peckface. This turned out to be Ghislain who

works for "The Believe Organisation", and who organises her contact with the outside world. They settled themselves at a large table and I was summoned to join them.

She looked at my neck and shoulders. "I've never had to wear one of those tough wood." She tossed her hair. "It looks so uncomfortable."

She went on: "The food is quite good picky food. I tend to have just starters. The crab wontons are quite yummy. The crispy prawns and seaweed are delicious." I said I would have seared tuna sashimi with soy dressing and mussels, followed by roast cod.

"I'm going to be grown up and have a main course today," she announced, and ordered a smoked salmon ceviche, and tuna steak in a crust of sesame seeds.

Ghislain got up and she kissed him goodbye. "He's such a sweetie," she said to me. "He's been looking after me since February. My father was sick and tired of having no control over this thing. So Ghislain is giving it some direction." Over what thing, I wondered. Did she mean herself?

"Me and my boyfriend, Michael Stone, are doing a TV chat show," she announced, getting down quickly to the purpose of the lunch. Apparently, the idea came from Michael, who is best known in Britain for being the brother of film star Sharon Stone. He is 20 years

older than Tamara and a former drug pusher. "Michael thought the TV here was so dull. He was, like, there's such a market for something a bit light-hearted with a bit of substance. Do you know what I mean?"

No, I said I did not know what she meant. There is already far too much of that sort of thing on the TV. "Basically it's a location show," she said, ignoring my interruption. "The people we've got access to, we've met or we know. We'd do Bono in Dublin and go to all the clubs where the up and coming singers are. Or we'd do Dennis Hopper on a shoot. It's to do with us being their friend. This is so good," she said, taking a tiny taste of smoked salmon.

She was a little hazy when asked which channel her show could be sent on, but referred to deals in Australia, the US and Asia. "It has been quite a learning experience. I had to go to meetings! It's definitely not something I'd want to do again, but I'm doing it because I can fit it into my schedule. I'm writing a lot now, and I'm modelling more than ever."

Writing?

"I write about what I know. I've done something about café society. In the old days you needed starving playwrights to make somewhere an 'in' spot. But now it is models, fading pop stars, people wearing borrowed dresses."

In other words, people just like her: famous for doing nothing. "It only happens in England. There's nowhere else where you can just basically have fun and go out. In New York you are either a socialite or you work." But surely she is a socialite? "Oh no! I couldn't have lunch every day and then just do my nails and have a nap."

I looked at her nails which were beautifully done, and at her very made up face, and felt confused.

"My life isn't just one big party. I mean, it is, obviously, compared to a normal life."

What are you doing next week, I asked, hoping for some facts. "Tonight I've got a dinner with people from LA at Coast. Tomorrow another interview. Then it's Ghislain's birthday. I'll go shopping for a present this afternoon. Saturday I'm flying to Dublin – I'm doing a TV show there. I'm modelling next week. Pretty much the rest of it falls into place," she said mysteriously.

## Lunch with the FT It's a full-time job being oh so naughty

Lucy Kellaway meets fluffy bunny, Tamara Beckwith



Tamara Beckwith famous for doing nothing

Travis Humphries

eaten fish and gave us the pudding menu.

"They have this caramelised banana with ice cream and pastry. It's the most outrageous thing in the world – it's so naughty." I followed her advice and ordered it; she ordered a packet of cigarettes.

"I don't like feeling too full," she inhaled deeply and watched as I spooned the sticky pudding into my mouth. "It's just so naughty," she gloated.

She told me that alcohol was very fattening, which I knew already. "I'm very much in the soft drink brigade, unless I'm going to drink. It's all or nothing. I think losing control is all really fun so long as you are not mean to anyone, and you call the next day and say sorry." She giggled again.

I asked what she thought of the pressures of the modelling world to be razor thin. "I love fashion and I like doing modelling, but I'm not a supermodel. The fashion industry is the most horrendous bitchy world. The key players are so, like, up their own bottoms."

At this point a woman in her 50s dressed like a woman in her teens came up for an air kiss and a brief gossip. "We had this party the other day in Monaco," said Beckwith when the woman disappeared. "Elizabeth Taylor was the guest of honour, you know what I mean, it was the South of France set. I rocked up in this little leopard skin outfit, and she was in the same thing – only she's got the dress version and I'm in the hipsters and weeny little top. She thought it was hysterical so we had to have lots of photos together with Ivana."

On that note, I paid the £38 bill and got up to leave. As we descended the stairs I noticed that we seemed to be turning heads. Above the wall. Being a good Scot she took it off and put it in the cupboard. She's adamant I'm her punishment. The waitress took away her half-



## HOW TO SPEND IT

# Troubles in a suitcase

Lucia van der Post tracks down the secrets of elegant and successful travelling

Come July and August and there is scarcely a man or woman whose thoughts do not turn to packing. It's the inescapable, unfortunate prelude to any journey, however small. There are those who are natural packers, easy eliminators of the unnecessary and the excessive. Then there are those, like me, who are incapable of distinguishing between the essential and the "what might come in useful".

I have dealt with my own packing inadequacies by travelling wherever possible to places where everybody looks even more rumpled than my clothes. Travel to the Selous, the Kalahari, rural India and your packing worries are hugely simplified (malaria pills, insect repellent, scruffy shoes, water purifying tablets, that sort of thing). No danger there of having to be prepared for a surprise audience with the Pope, a gala evening ball and a smart lunch all on the same day.

Most serious travellers, however, agree that the secret of elegant travel more or less begins and ends with the hand luggage. Get that right, make

sure it is a quality piece, holds everything you need for the journey and a bit more (since I have twice lost all my luggage I now always have a change of underwear, toiletries and medicines and a spare cardigan or wrap in my hold-all) and then at least you know you will travel looking good.

I have also learned the hard way that anything gooey should be packed in a plastic or sponge bag of its own, and that when going to dusty places there is little that comes in as useful as a collection of supermarket plastic bags. These may not be pretty but they certainly help keep the dust (and the damp) out.

Caroline Charles, the designer, who has to travel a great deal, always carries a black and white spotted soft-sided zippered case she bought in Tokyo 12 years ago (good luggage may seem expensive at the time but it does last). She rolls her clothes on lightweight hangers in polythene bags which stops them creasing. Charles decaus beauty products into lightweight small containers, and since visiting Vietnam she has become convinced that pyjamas are the perfect travelling outfit.

Isabell Kristensen, (she who recently made the wedding dress for Sheryl Gascoigne, wife of Paul, the England footballer) never travels without her favourite piece of luggage - a hat box by Globetrotter. However, her latest discovery is a shoe suitcase designed by Manolo Blahnik for Louis Vuitton. "Perfect," she says, "for anybody with a shoe fetish - like me!"

Other shoe-fetishists might like to know that Louis Vuitton does a soft-sided bag which holds two pairs of shoes for £250. The whole trunk box which stores eight pairs costs £1,830, while a bigger version, which holds 12 pairs, costs £1,930 (to order only).

Royal packers, I am reliably informed, make sure their charges' clothes emerge looking fresh and uncreased by laying each shirt or dress out flat, one on top of each other in a big pile, and only at the end folding in the sleeves, shirt tails or skirts in one layer.

For those going to places filled with things that hop and bite, Mosquito Milk, £5.13 for 50ml in roll-on form, is one of the least unpleasant insect repellents. Find it in Boots or other chemists. Sun & Bite is a splendid duo - it protects from insects and sun at the same time. It comes with a range of protection factors from four to 30. Price from £6.98.

Marks and Spencer has a tiny French manicure set, perfect for packing, which has emery boards, white and pale pink nail polish, all for £3.

For those embarking on long or journey, Travellers' Tales has about 6,000 books on tape which can be bought or hired. Annual membership costs £20, hire charges start from £8.40 for one-week's hire, including postage and packing for a four-tape unabridged book. Write to Neil Gunn, Travellers' Tales, Great Waddington, Ash, Canterbury, Kent CT12 2AR, for details (tel: 01894-612631).

Skin Care specialist Jean Ashley of 32 Albert Bridge Road, London SW11 (tel: 0171-720 4359) recommends taking camomile tea bags on trips. An infusion made with two bags to a cup of boiling water and then left to cool is an excellent after-sun care treatment. So, it seems, is Sweet Almond Oil.

Darphin, the French beauty company, offers a large range of products in small travel sizes. Everything from Aromatic Cleansing Emulsion (£8.30) to Arovita Anti-Ageing Cream (£21.45) and Aromatic Seaweed Bath Gel (£7.50) is available in easy-to-pack small containers. Find it in Darphin salons around the country (tel: 01603-783153).

And, finally, the most useful tip I have come across is never leave home without a card saying "I am a deaf mute" in seven different languages. The next most useful tip is to make sure you have a railway carriage to yourself, arrive early, sit in the window seat and beckon to the passers by. I haven't yet tried either but I've got them up my sleeve should the going get tough.

Additional research by Alexandra Maude-Razby.



■ Top left: a multi-coloured hard plastic suitcase from Benetton's 'New Florence' collection, in green, red, blue and orange, this is one case you are unlikely to miss or mistake on the luggage carousel. Three sizes, £75, £99 and £129 from Benetton, 129 High Street, Kensington, London W8 6BH.

■ Bottom left: for walkers, ramblers and trekkers, the bum-bag that unspools to expand into a ruck-sack, in sand and black. By Deleay, £18.95.

■ Centre: Liz Cox woven tapestry 'safari bag' in combinations of dark red, navy blue, or black with ochre. Fully waterproofed, it has strong leather straps and pockets inside and out. £285 from Liberty of Regent Street, London W1R 6AH.

■ Top right: The air hostess trolley may look naïf but is oh so useful. It has good wheels, hard casing and holds a surprising amount. By Revelation, £195 or £295, depending upon the material, from the

Revelation shop at 170 Piccadilly, London W1.

■ Bottom right: a problem de nos jours - how to carry the personal computer. Antier has applied the minds of its brightest and best and come up with a simple black case, in three sizes, the smallest just big enough to carry the PC itself. The padded inner lining has pockets to hold extras. £69.95, £79.95 and £89.95 from Selfridges of Oxford Street, London W1.

For those who do not want to carry two cases, Samsonite has an Overnite (sic) Computer Case which is the size of a slightly fattish overnight case but has two separate compartments - one for the computer and another for clothing. It comes in black nylon for £125 or in black leather for £245. It is 42cm by 30cm by 19cm and is available from good department stores.

L.v.d.P.



Smithson, that revered stationer, has revamped its range of stationery and other products. It still does wonderful engraving and has the traditional diaries and address books but there are some new products:

■ Top: double travel mirror, based on a 1930s design. It can stand on its own when the strap is tucked back. In black, navy, green, red or burgundy. £69.95.

■ Above: a currency case in which different currencies can be kept separately. This leather case holds four currencies and comes in black, navy, green, red or tan. £38.50 in leather, £22.75 in plastic.

## Good-bye battery



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Seiko Kinetic at: <http://www.seiko-corp.co.jp>

## How to avoid collecting wrinkles in the air

David Hayes receives some tips from the experts on how to arrive at the airport without looking crumpled

Flying long-haul for business can seriously damage your image. Crumpled suits, rumpled shirts and turbulence-induced coffee stains can put you at a disadvantage with international clients at crucial straight-from-the-airport meetings. No matter how much leg room your airline can boast.

The best solution seems to be in the quick change routine. "If I am travelling long-haul," says Roger Saul, founder and managing director of the Mulberry fashion group, "I dress in loose, casual clothing and take a suit-bag with me on the aircraft so that I can change in the airport at arrivals - most major airports now have changing room facilities."

But what if you are actually travelling with hard-to-impress colleagues when only a suit and tie will do? With a little help from recent advances in fabric technology and a few invaluable tips from the experts, it is possible to look city-smart and minimise the inevitable sartorial havoc that long-distance travel can wreak.

"Any suit will crumple," says Clare Joel, menswear personal shopper of London's Dickens & Jones department store. "But pure new wool will look the best."

"The new super 100 lightweight wools are the lightest yet and are perfect for arriving in any hot climate," says Joel. "Creases will hang out with a pure wool jacket - especially if you have the chance to hang it over a shower rail overnight - whereas any suit with 70 per cent man-made fibres will crease badly and hold those creases longer."

You do not have to spend a fortune on a pure wool suit. Lightweight suits that are perfect for travelling can be bought for under £300. Joel recommends classic 100 per cent wool suits from Pierre Balmain that start from £229 to more fashionable styles from René Lévy (again in 100 per cent wool) at £400 and Kenzo at £115.

Another fabric to avoid when travelling is linen. The putty coloured linen suit, historically favoured by Englishmen abroad, may make lightweight sense in the tropics, but only if your colleagues can fully appreciate the beauty of the heavily crumpled look.

At the luxury end of the market there is one name that stands out as a leader in the fabric revolution. Italian menswear company Ermenegildo Zegna has been producing high-quality suiting fabrics



Van Heusen's non-iron shirts, from £33 at good menswear departments

since 1910 and the bulk of its manufacturing business has gone into developing fabrics that meet the needs of today's business traveller. Zegna's beautifully tailored menswear line launched in the 1970s, has much to offer the discerning business traveller. And when it comes to lightweight wools, its high-performance fabrics are hard to beat.

"Our Super 120,000 merino wool fabric is the finest wool available. What Super 120,000 means is that a kilo of wool is spun to a single thread measuring 120km," says David Gisi, Zegna's London representative. "That makes our suits as virtually crease-free as it is possible to get but also incredibly light."

With a wide selection of ready-to-wear suits and sports jackets, as well as a made-to-measure service with a choice of 400 high-performance clothes priced at just under £900, the Ermenegildo Zegna label is a worthwhile investment for frequent high-flyers.

The non-iron shirt is another development that can keep you looking crisp on a long flight and many companies are bringing out their own versions. Christian Dior introduced the first 100 per cent cotton style this year to meet the demands of its luxury brand - a departure from the uncomfortable cotton/synthetic mix versions that offered more in looks than comfort.

Available in classic white, with a choice of two collar styles (costing £79.95), the Dior shirt not only promises easy wash and wear, but also wrinkle-resistant properties that will keep it looking fresh for longer. Any creases you may get during travelling (non-iron does not necessarily mean indestructible) can be smoothed away by hanging up and lightly spraying with water.

Another tip is to wear a vest or T-shirt underneath your shirt when travelling. "A cotton vest under your shirt - something that most men in hot climates always do - will absorb any sweat and help your shirt look better for longer when travelling," says Joel. "And if you have the chance to take it off before you land, you can go straight on to business feeling much fresher."

Buying into the 1990s non-iron revolution need not mean spending a fortune. Marks and Spencer has developed affordable non-iron fabrics that are a long way from the scratchy, drip-dry, bri-nylon styles of the late 1980s.

M&S has given cotton and wool blends non-iron properties without losing the comfort and softness of a natural fabric, as well as adding stretch fibres such as Lycra and Tactel to give hardwearing performance to more formal styles. A tiny percentage of Lycra added to a suit will not only stop excessive wrinkling but also means that your suit will return to its neat shape after only a few hours on a hanger.

Great travel buys from M&S include the ubiquitous non-iron shirt (a snap at only £30); single and double-breasted suits in a shape-holding 97 per cent wool/3 per cent Lycra mix (£160 for a suit or sold separately at £105 for jackets and £55 for trousers); stain-resistant, Teflon-coated 100 per cent wool trousers (perfect for deflecting splashes of coffee at only £40); smart non-iron chinos (front-pleated with turn-ups at £30); and even a dapper fold-away Panama hat (£21) to hide unkempt hair on arrival.

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## FASHION

# Well-suited to match every woman's needs

Damian Foxe finds that the subtle advantages of men's bespoke tailoring are winning over an increasing number of female clients

What do Ronnie Kray and Naomi Campbell have in common? Apart from the same tailor, very little. Bespoke tailors are one of men's few fashion secrets, and with growing lists of high-profile female clients, including singers Kylie Minogue, Dolores O'Riordan (The Cranberries) and Tori Amos, more and more women are discovering the joy of having suits created specifically for them, at less than 5 per cent of the cost of haute-couture.

Elizabeth Herring, 31, a massage therapist and part-time writer, still gets excited over having her 1960s-inspired, skirt-suit tailored by Mark Powell. "I went to a men's bespoke tailor because I wanted something specifically created for me," says Herring. "Bespoke, unlike made-to-measure, involves the creation of an individual pattern for each customer."

Having discussed the style and fabric for the suit, an initial fitting was arranged. "I was immediately put at ease by Mark," she adds. "He was extremely professional, carefully noting each measurement and particularly what was individual and different about my body. I was not at all embarrassed because he was not being judgemental."

A toile (mock-up) of the suit is created, in either cheap calico fabric or loosely tacked together from the chosen fabric. At the second fitting, the client tries on the toile and the tailor makes the final adjustments before the suit is completed. The entire process takes between four and six weeks.

It is 200 years since Beau Brummel revolutionised the male aesthetic with his deceptively simple look. A new batch of British tailors are applying this philosophy to women.

With Brummel's revolutionary ideology of dress central to their approach, they are not trying to reinvent the man's suit but making it a new alternative for women.

Timothy Everest and Powell, two of the most high-profile among them, will be showing their first women's ready-to-wear collections in London later this month, to complement their existing bespoke services. Oswald Boateng, the only British tailor to have shown a men's collection in Paris in January, is now concentrating on bespoke for women.

Georgina Sinclair, 34, works in public relations for fashion designer Bruce Oldfield, who introduced her to Everest. She now owns eight suits by him, an overcoat and a velvet pea-coat.

"It's addictive," says Sinclair. "I am 5ft 4in tall and find it impossible to buy suits off-the-peg. With a bespoke suit, you choose the fabric, you know that it will fit perfectly and when you walk into a room, nobody else will be wearing the same thing."

At £550 to £700, Sinclair is confident that Everest offers good value for money, adding: "You never have to worry about what you are going to wear. You simply choose a suit and vary your shirt, a concept men have been taking advantage of for years." Between 15 and 30 per cent of Everest's business comes from women and this figure is growing.

Sabina Roth, 29, a freelance editor, had been waiting for the ideal opportunity to employ the skills of Everest, who has been tailor to her barrister-fiancee for four years. "I wanted a tailored structured wedding dress with no



Top: Eva Ferran, a hand-bag designer, in the fake black pony-skin trouser suit made for her by Mark Powell (above)

flounces," says Roth, "and I loved the suits Timothy had made for my boyfriend. Simplicity is very difficult to find in the shops. Timothy immediately grasped what I had in mind, and could verbalise my ideas." Her dress, a slinky column of pale ivory, silk faille, is indeed a symphony in simplicity.

"Unlike women's dressmakers, men's bespoke tailors think in small details," says

Ronnie Cooke Newhouse, 43, creative director. She is wearing a nutmeg mohair trouser suit, her fourth from Timothy Everest this year. "With Timothy, less is more," she says. "If you want a simple silhouette, the quality and detail must be intrinsic, not merely added on. This is what a man's tailor understands."

Details such as buffalo bone buttons, hand-stitched lining and silk flower loops on the

underside of the collar are standard on Everest's suits. His garments are all hand-carved, meaning that the fabric is separate from the backing, allowing them to move against the body. The buttons are stitched by hand in silk thread coated with beeswax, which binds the thread and secures the button.

Mark Powell, who recently moved into new premises at 17 Newburgh Street, London W1, is more a tailor than a stylist and is renowned for dressing Ronnie Kray, who wore one of his suits as he was led away from the courtroom to Broadmoor Prison.

Powell wears his celebrity client list brazenly on his bespoke sleeve, citing many high-profile women among his loyal followers, and most recently Naomi Campbell, who has ordered five suits.

"My husband bought me a Mark Powell, bespoke, three-piece trouser suit in charcoal grey pinstripe wool, for my 30th birthday," says Chiara Menage, 30, a film producer. "It is beautiful both inside and out. I love the details and annoy my friends by constantly pointing them out. I love the quality and detail of the lining for the body and contrasting lining for the sleeves, concealed waist adjusters and inside jacket pockets which are normally only found in men's suits."

"I wanted a suit which would

last, and although I would not normally spend £700, I felt that Mark was offering me an investment over time, something which was both durable and timeless."

Powell is not a trained tailor but he does all the fittings, employing his skill as a stylist and aesthete. His tailoring is undertaken on a commission basis, employing tailors who work predominantly in Savile Row. "I am very difficult to please," admits Eva Ferran, 32, hand-bag designer, "because I know exactly what I want. Mark immediately understood what I was looking for."

Ferran's suit combines a long-line, fitted, four-buttoned jacket with hipster, boot-leg trousers, crafted in fake black pony-skin. It is the embodiment of classic styling with a modern edge.

"Mark has a great knowledge of different historical eras," she says. "He could immediately interpret what I wanted, suggesting different options for cuffs, pockets, lapels and linings. We decided against inside pockets, because the jacket is so fitted. The arms are gently fluted, and close with a single covered button. I am so pleased. My suit is unique."

Sharply angling a pocket, scissoring a trouser leg to a seriously tapered point or gutting the sober continuity of a pinstripe suit with a blood-red silk lining, are all signature details of Oswald Boateng's



Ronnie Cooke Newhouse, a freelance creative director, in the nutmeg mohair trouser suit made for her by Timothy Everest

design. They proved an irresistible attraction for Miel De Botton, 28, a Swiss psychologist living in Paris, who has just paid £1,000 for a shocking pink suit.

"I think Oswald is extremely talented. His cut is so pure," says De Botton, "and his use of colour and fabric is brilliant." Just eight weeks ago, Boateng moved into new premises in Vigo Street, just off Savile Row. His ambition is to fuse the concepts of design and traditional tailoring, creating what he calls "bespoke couture".

Kathleen Baird-Murray, deputy beauty editor for Elle magazine, insists that Boateng earns his elevated price tag - upwards of £900. "You get something from Oswald which you just cannot buy off the rails," says Baird-Murray, who owns three Boateng suits. "I am a size 10 on top and a size 12 on the bottom. Ready-to-wear suits simply do not cater

for such inconsistencies, while traditional dressmakers are more about ripping a page out of a magazine and attempting to copy it. Oswald is a hybrid of designer-cum-tailor, and his advice and input are invaluable."

Her first suit, an adventurous Schiaparelli-pink, single-breasted, one-buttoned affair, seemed risky at first. "I get much more wear out of it than I first expected," she says. "It is quite loud, but the simplicity of its silhouette means that I can get away with it."

Boateng favours a body-conscious look, stripped of all detail, to achieve a flattering and slender line. Surfaces of perfect inviolate fabric are riven with strategic darts and seams, forming a long lean silhouette. However, they only successfully cover you if you have a long and lean body. His philosophy of tailoring is less about cleverly concealing one's physical shortcomings and

more about highlighting one's strengths. But you do need to have some impressive strengths to begin with.

Chris Eubank has just paid more than £4,000 for a milk-coloured cashmere overcoat designed by Boateng, adding to a star client list which could out-sparkle the Brit Awards. Kylie Minogue, Tori Amos and Mick Hucknall are just some of the many pop stars who sing his praises.

Gender reassignment is complete. Bells, formerly Beau, is ready for the boardroom, the bistro and even the ball. Her principal feature remains understated simplicity, but her secret is definitely out.

Timothy Everest, 32 Elder Street, Spitalfields, London E1 6BT. Tel: 0171-377 5770. Mark Powell, 17 Newburgh Street, Soho, London W1. Tel: 0171-287 5498. Oswald Boateng, 9 Vigo Street, London W1. Tel: 0171-734 8263.

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## There is still a place for the corset

It may not have escaped your notice that corsets are enjoying a revival. Traditionally, they were worn by women (and sometimes men) as undergarments, but this time round they are

finding favour as an overgarment. Inside or out, though, their purpose remains the same - to improve on nature for aesthetic or erotic reasons.

Designed to narrow the waist and push-up and support the breasts, anthropologists claim that a woman's slim waist is a means of letting society know that she is not pregnant.

Followers of fashion maintain that the corset goes back 4,000 years. The British Museum has a Minoan figure from 2000BC - clearly female with bare breasts, she is wearing a corset and crinoline as an outer garment.

There is also literary evidence that Greek women were concerned with figure control: a band of linen or leather from a young goat was bound round

the waist and lower torso. Roman women also wore girdles, called cestas, under their loose robes.

During the next 1,000 years loose clothing for both sexes was the norm. This changed in late medieval times, when women's waists were again accentuated - loose garments were drawn close to the figure by lacing at the back. Historians believe that this emergence of the waist was the start of fashion.

It was then that the corset began to take off, so to speak. It was made in two halves, fastened together at the front and back, and paste was used as a stiffener between two layers of linen. By the 16th century, whalebone had become the popular stiffening agent.

The hard bits were also known as stays and staymakers became important members of the craft industries by Elizabethan times. The stays were slotted into bodices and held in place with a lace.

By the mid-17th century the emphasis remained on slim waists. The Puritans, who might have been expected to condemn the corset, commended it for "it disciplined the body".

In Victorian times, tight corsets were condemned by doctors and satirised by cartoonists, but it was still the ambition of many girls to have a waist measurement at marriage not exceeding her age - and to marry before she turned 21.

This century, a combination

of style changes and new fabrics - namely rubber, first natural then synthetic, that could be woven as elastic thread - produced straighter, more gentle undergarments to shape the female form. They had various names and often incorporated zips and suspender belts.

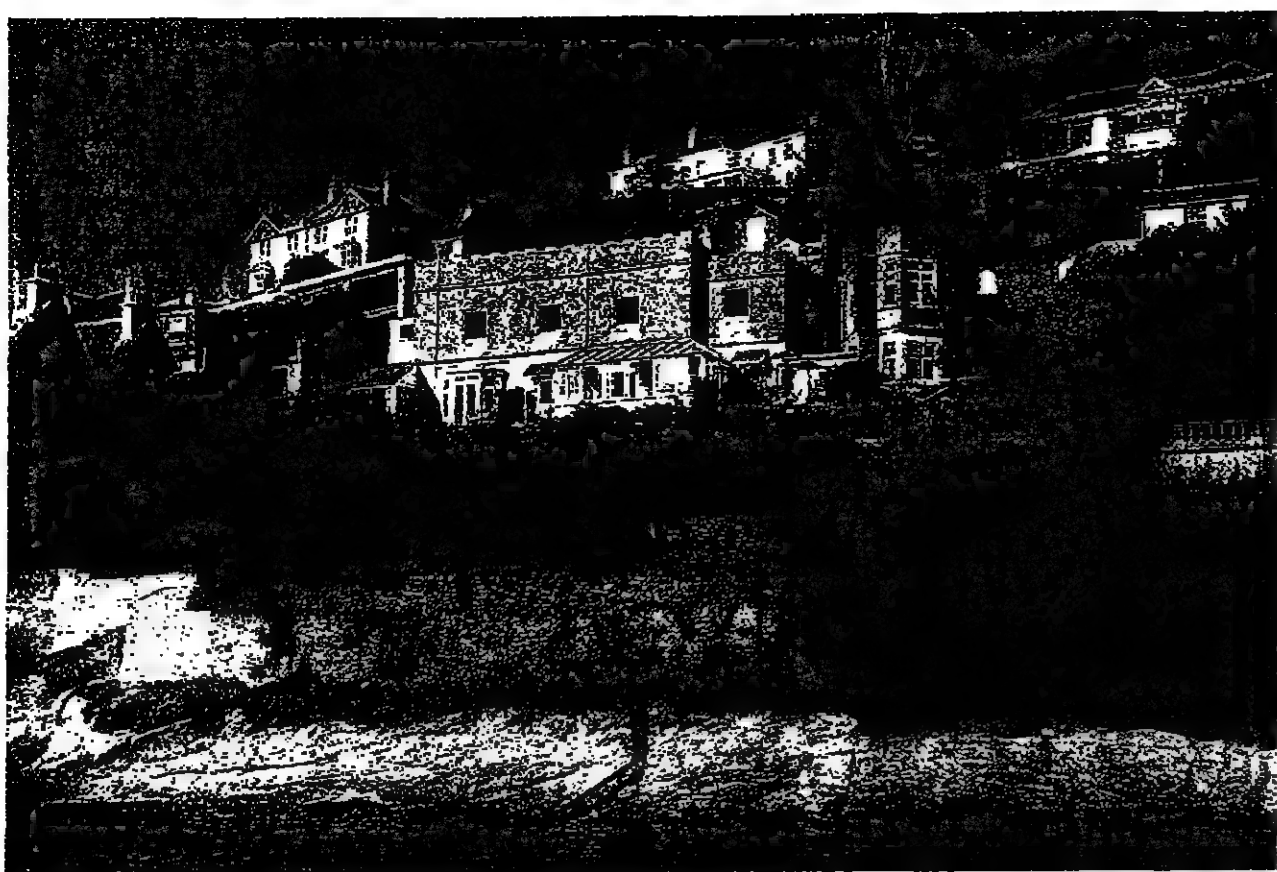
The invention of Lycra contributed to the demise of the old-style corset and the rise of the bra. Many thought corsets had been confined to history when jeans and short skirts came along. But, love 'em or loathe 'em, it seems that there is still a place for a corset in a woman's (and some men's) wardrobe.

Christopher McCooey

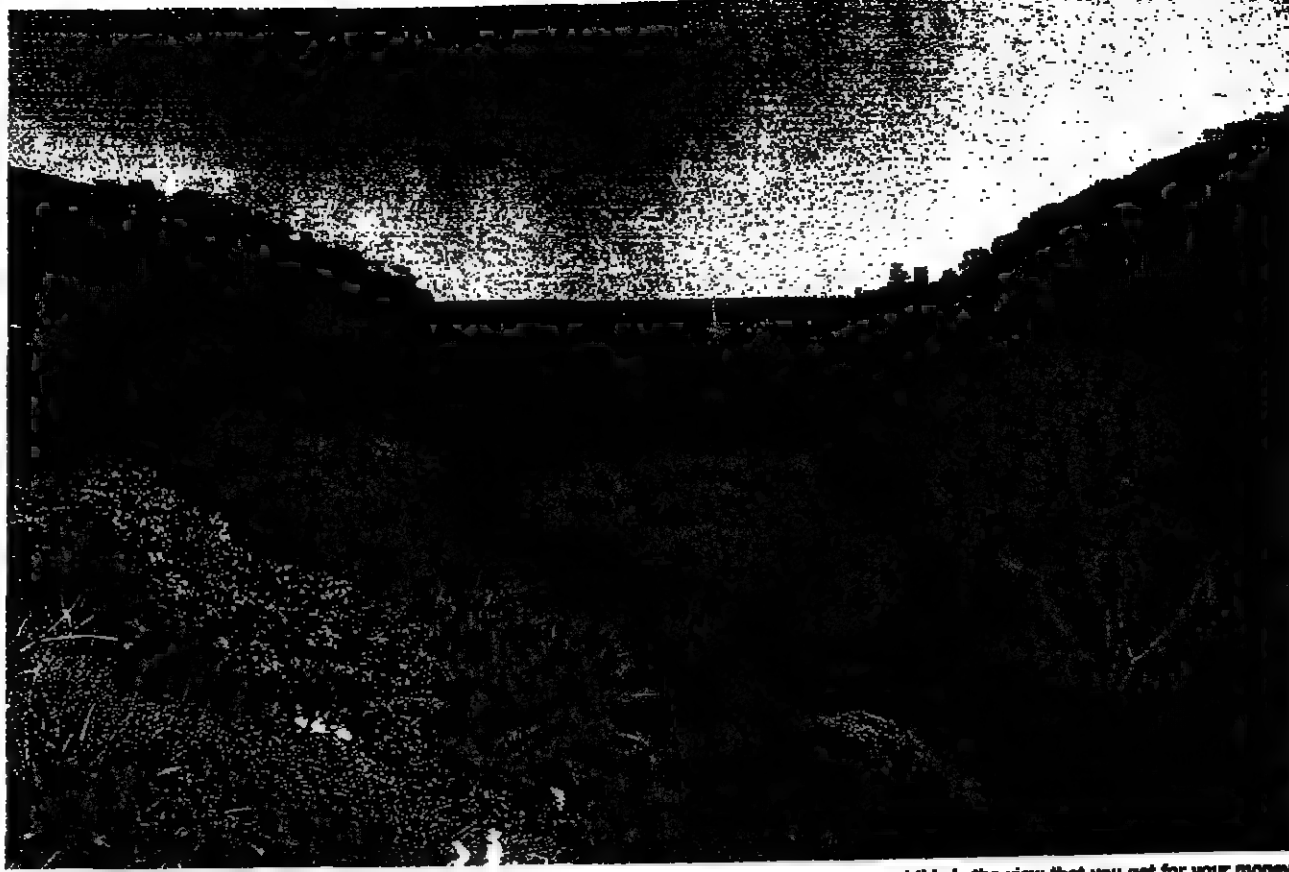




## PROPERTY



Yarrow Bank, at Kingswear, on the Dart. Fulfords is seeking offers of more than £500,000.



...and this is the view that you get for your money

# The counties out on a limb

Gerald Cadogan understands the attraction of south west England

Devon and Cornwall form a finger on the map, pointing away from middle England. The long peninsula symbolises the independence of these two counties, and a different way of life.

It has been drawing people from the rest of the country since the railways reached the south west. Nowadays, however, when fishing and shipworking for the navy are on the way to becoming heritage industries, tourism and income from incomers is the main business - and the main stay of the area's housing market.

Down narrow Devon lanes, with banks bursting in honeysuckle and foxgloves, buyers seek their dream of an old thatched cottage with cob walls.

In Cornwall, the cottages are of granite or slate and the hedges are often of fuchsia.

Devon and Cornwall are unusual among English counties in having north and south coasts. The south has the luxury of mild weather, glorious stands of oaks and beeches in river valleys that turn into steep-sided estuaries, and gardens rich in camellias, rhododendrons or sub-tropical plants.

The north coast faces fierce west winds that sweep over the bleak uplands of Bodmin Moor and Dartmoor, powering wind-farms such as those beside the A30 London to Land's End road.

The A30, the spine of the peninsula, is no longer "the country's longest cart track", as it used to be called, although summer caravans in the lanes are an obstacle. Newquay offers air links with Paris and Cork, and the fast train between Exeter and London takes two hours.

There is more to local food

than over-rated Cornish pasties. There is still excellent fish. And surely Devon and Cornwall make better cream than Normandy, although Normandy may win over Devon for farm cider.

The area's housing market has been busy this year. Viewings and sales are up, but instructions to sell have been few, only 1.7 per cent more than last year, says Ian Fraser of Fulfords - and that may lead to higher prices.

Hugh McKenzie, of Village & Country Property, says that prospective buyers should not leave in dudgeon when they cannot find a home with all the chocolate box delights they associate with Devon. It takes time to find the right house in a county that varies from beechy combs to rugged moors.

Houses up to £200,000 now sell at once, Martin Lamb of agents Knight Frank finds, but hardly anything has moved at

over £300,000 until the last few weeks.

Last year it was the reverse. Houses costing more than £300,000 sold well, while cheaper property remained on the market.

Waterside homes, especially in the South Hams area of south Devon, are a special market, commanding a premium of up to 50 per cent on the water's edge and up to 25 per cent for a water view, says Robert Theobald, of Fulfords' waterside and fine homes division.

A good example of this is Yarrow Bank, at Kingswear, on the Dart, for which his company is seeking offers of more than £500,000.

It needs work but faces south, giving warmth and views out to sea, and has a cliffside garden with steps in the rock down to a mooring.

Across the river is Dartmouth where the houses climb the steep hills until the land sud-

denly changes to meadows and beach woods.

Fulfords is also selling Hal-lowell Farm (offers over £300,000) by the creek in Bere Ferrers, with 30 acres and a cottage, barn and two bungalows (good for holiday lets), and Berry Cottage in Dittisham four miles upriver from Dartmouth, with a porch draped in honeysuckle (offers over £200,000).

Nearby is a remarkable waterside house of the utmost modern luxury, set on 78.5 acres on a promontory jutting into the Dart. KF and Stratton Creber want more than £1.7m for that.

In Cornwall, Britons Slip, at Falmouth, is simpler, a converted early 19th century packet warehouse with its own slipway, jetty and quay (Miller, £400,000).

The most interesting house for sale in the peninsula must be Killow, a medium-sized stately home in 280 acres outside Truro (Humberts Leisure and Scott Burridge Chick, offers over £1.4m). Such houses are rare in Cornwall as few families had the wealth to build them. When they did, the money came from mining, trading, shipping or piracy.

Killow is a mostly 18th century solid granite house, sheltered from the west by trees. It has a park, masses of camellias, and the remains of an Edwardian vineyard, orchard house and peach house among its greenhouses.

The walled garden boasts an unusual Tudor "crinkle-cran-ke" wall, built in a continuous S-curve. Included with the

house, but invisible from the garden, is an income-producing golf course with a turnover of £250,000. There are also let cottages, and planning consent for leisure developments.

In Devon, Lindridge Park between Exeter and Torquay is a top-quality conversion into separate houses (V&CP, £165,000 to £235,000). Ideal for full-time or "look up and leave" living. The homes share a superb Edwardian garden, which developer Sterndale Enterprises is bringing back to life.

A conversion nearer Exeter is Cowley Place (Drew Pearce, £85,000 to £165,000).

Finally, a trio of houses in the £200,000 to £300,000 range: Haredon Farm at Ugborough in the South Hams (Marchand Petit, £260,000) is a longhouse dating back to the 15th century and listed grade II\*.

In Dartmouth, French prisoners built the Old Vicarage in 1815, now for sale through Fulfords for £275,000.

And Jordan Manor, at Widdacombe in the Moor, a 17th century Dartmoor longhouse which cost £300 in 1925, is now available through Jackson-Stops for £200,000.

For further information contact: Drew Pearce, Exeter (01392-58343); Fulfords, Exeter (01392-412007); Humberts Leisure, London (0171-535 6700); Jackson-Stops, Exeter (01392-214222); Knight Frank, Exeter (01392-431111); Marchand Petit, Modbury (01548-821163); Miller, Truro (01878-74211); Scott Burridge Chick, Truro (01878-77397); Stratton Creber, Plymouth (01752-666555); Village & Country Property, Exeter (01392-439699).

On the Move / Gerald Cadogan

## Here comes the judges' house

Since 1821, No.6 Belmont, in Shrewsbury, has been the Judges' Lodgings, when the clerk of the peace bought the building for £1,500. Now Shropshire County Council is selling it for £250,000 through Cooper Green (01743-332344) and Strutt & Parker (01244-320747).

Built in 1701 as a town house for one John Scott, to ensure that he met the property qualification to vote in Shrewsbury as well as Shropshire, it is a tall and imposing building. It is easy to see why it looked right for judges. But they no longer go on circuit with a large entourage, and it must be many years since all nine bedrooms were full.

With five reception rooms and a terraced garden, it looks ideal for a large family.

The Swan in Sibury is a small hotel in one of the Cotswolds' prettiest villages. Known since 1872 as an inn, it was the halfway point between Burford and Cirencester, at the spot where one could cross the trout-rich Cole.

On the other side is Arlington with its old mill and the National Trust's Arlington Row of cottages dating back to the 14th century, and in the flat ground on the river the Sibury Trout Farm, presently offering four fresh trout for the price of three.

Alex and Liz Furtak bought the hotel in 1990, and have

completely refurbished it to make a top-class place to stay. They reduced the number of bedrooms from 25 to 18 to allow proper space for bathrooms and have decorated each room individually, so that it feels more like a country house than a hotel.

"We slept in every room, while doing them up - and even took in suitcases to see how they worked," said the Furtaks.

They are selling it as a going concern only because of family illness. From drapes to Victorian papier-mâché tables, it is all new or renewed.

The next owner can move in and continue business. The price from Savills (0171-499 8644) is £2.5m, with a further

£500,000 for two ancillary houses. Rooms cost from £97 to £250 a night. Many Americans and Japanese stay, and there is a growing market in weddings.

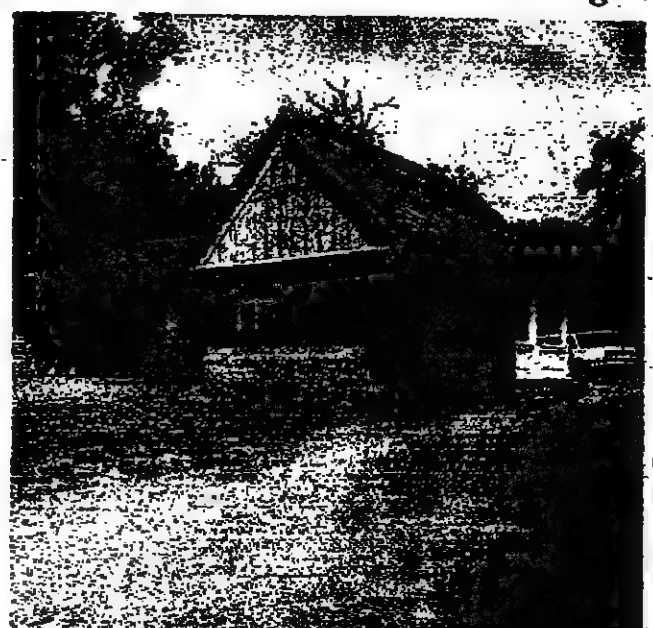
"We have a licence, and we are small enough that people can take over the whole hotel," the Furtaks say.

North Sussex Lodge, at Park Hatch near Loxhill, Godalming, Surrey, by Sir Edwin Lutyens, is for sale at £165,000. So what is the catch? None, it is just that it is small - a park lodge, built in 1890 with two bedrooms and two reception rooms. The agent is Hamptons (01483-417222).

Gerald Cadogan



The Judges' Lodgings, Shrewsbury, for sale at £250,000



North Sussex Lodge is available through Hamptons at £165,000

### COUNTRY PROPERTY

**Grange House**  
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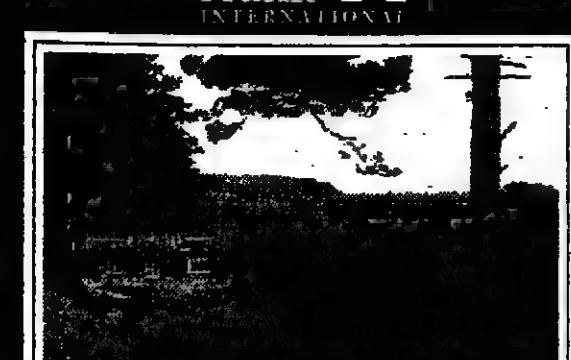
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French  
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Saturday, August 3.

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Financial Times



## OUTDOORS

## Motoring

## A sporty coupé with luggage space

Audi considers its new A3 to be more than just an entry model, says Stuart Marshall

Entry model is trade jargon for the cheapest and simplest car in a range. The term does not enter the vocabulary of some smarter marques. Porsche says grandly that its entry model is a second-hand - I beg its pardon, "previously owned" - 911, or one of the cars it no longer makes such as a 924 or 944. And Rolls-Royce would take it seriously as a £36,401 Brooklands Bentley as its entry model, even though it is less than half the price of a £215,000 Azure.

Audi does not want its new A3 to be thought of as an entry model, either. Mainly because the A3 is a completely new kind of car, a sporty, lifestyle enhancer looking like a coupé but with more luggage

space. Many buyers will, Audi thinks, be new to the marque. And the inference is that they will pick an A3 because they like what it represents and not because it is cheaper than the present smallest Audi, the A4.

When the A3 reaches Britain in the autumn, prices are likely to start at under £14,000 for a 101-horsepower 1.6-litre and go up to £15,000 for a 150-horsepower 1.8-litre petrol turbo. Its closest competitor must surely be the BMW 3-series Compact (£14,120 for a 102-horsepower 1.6-litre 316i to £16,120 for the 140-horsepower 1.9-litre 318ti).

From the front, you would know the A3 was an Audi even if the linked rings badge was missing because it looks almost exactly like a shrunken A4, A6 or A8. Sideways

on, it is a chobby coupé. And from the back, something between a hatchback and an Audi Avant semi-estate.

Audi claims it is the first car to have been specifically developed for the premium segment of the compact class and that it has the same standards of quality, safety and design innovation as the bigger models. The build quality of the four A3 models - 1.6 manual, 1.8 automatic, 1.8 turbo-diesel and 1.8 turbo-petrol - I drove on a varied test route in Luxembourg last week was beyond reproach. Every A3 has airbags for driver and front passenger, ABS brakes, a fully galvanneal body promising a long, rust-free life, power-assisted steering, electric windows and outside mirrors and adjustable steering wheel.

On Luxembourg's toll-free, remarkably uncrowded and billiard-table smooth motorways, the 1.6 felt rather low geared. At a realistic, if slightly naughty, 140kph (86mph) cruising rate, the engine was spinning at 4,500rpm; it would easily hold 180kph (100mph) at 5,000rpm-plus on an autobahn. It does not feel stressed but sounds busy enough to be a bit wearing on a long trip. The gearshift is chunkily precise but all the manual cars had a disagreeable amount of "shunt" (jerking when going from power-on to power-off) in the transmission.

The 1.8 automatic, however, was shunt-free. It had the same overall gearing as the 1.6 manual and would routinely hold 5,000rpm before changing up when accelerating hard. Floor the pedal, and the

needle will even stray past 6,000rpm. It was easily the nicest of all the A3s in town traffic.

After these two high-revving cars, driving the 90-horsepower turbo-diesel came as a relief. At 140kph the engine was turning over at a leisurely 3,000rpm in top. From only 1,500rpm, there was an enormous amount of pulling power for quick, safe overtaking. Even without taking the benefits of the direct-injection engine's extreme economy into account, this longest-legged of all the A3s would be my choice for long-distance travel. The 90-horsepower A3 1.9 TDI I drove will not come to Britain. The right-hand drive turbo-diesel, due next year, will have 110 horsepower, which can only strengthen my case. Finally, I drove the most muscular



Chubby coupé: the new Audi A3

lar A3, the 150-horsepower 1.8 petrol-turbo. Black painted, and trimmed dramatically in black and yellow leather, it was eye-catching but still tasteful. It was geared somewhere between the 1.6 and the TDI - 180kph at 4,000rpm - rode harder than they did on the wider tyres, and reminded me of the Corrado, now out of production, but remembered as the most sporting car VW made.

Four up, there is not much boot

space (or rear seat legroom and headroom) but an A3 is hardly going to be bought as a family car. Rear seat folded down, there should be space for a sporting young couple to carry all the equipment they need - providing they are not mountain-biking buffs.

In the pipeline, but at least a year away, are A3s with quattro transmission and V6 engines. And Audi's entry model? It will be the A2 - and it is not far off.

## Teatime

## Indulgence in the afternoon

Philippa Davenport takes a taste of one of Britain's favourite pastimes

Teatime is one of the best loved British institutions. People may protest that mid-afternoon eating is unnecessary, but therein lies the charm. It is precisely because tea is an optional extra, indulged in only occasionally, that we relish it to the hilt - or should - when it is offered.

Few things are more comforting in winter than snuggling from under the clutter of Sunday newspapers to toast cinnamon-scented scones in front of the fire, to slather crumpets with butter and the salt anchovy bite of Patum Perpetuum, then cut into a darkly rich fruit cake or an almond-topped Dundee.

At weekends in summer, tea offers just rewards for the physical and mental exertions needed to stay awake to applaud village cricket, to keep a coastguard's eye on children or grandchildren splashing in the pool, or to pace the lawn and throw a croquet ball.

This is the season for delicate cucumber sandwiches and what caterers call "cream teas", in other words scones served with butter but piled high with clotted cream and summer fruit jams.

Whipped double cream has to suffice in non-clotting parts of the country, and to make up for this deprivation, the jam is sometimes replaced by fresh berries - strawberries, raspberries, mulberries or blackberries - simply crushed with a fork and a sprinkling of sugar.

Cakes tend to grow lighter and smaller in summer. Favourites include sponges, eclairs and meringues; while biscuits come into their own.

Hot tea (pots of it) remains the first choice beverage, although the tinkle of home-made lemonade or ice-cream soda coffee in tall glasses wins converts if the temperature soars.

Meg Rivers Cakes has been a great success since its launch six years ago. Rightly so, for this mail order business makes the sort of fruit cakes many people enjoy but lack the time or skills to bake. The service is efficient, the ingredients are pure (organic flour, raw sugar, local free-range eggs and butter), and recipes range from rich and dark, to glacé pineapple.

There you can sip the hours away, feast Billy Bunter fashion on sweet treats, and buy more cakes...

ple light, via the gingeriest of ginger cakes. Rice and soy flour alternatives are available for those intolerant to wheat.

Last month saw the launch of a Meg Rivers' traditional English tearoom and cake shop in Shipston on Stour, Warwickshire, a convenient refreshment point en route to or from such attractions as Stratford-upon-Avon and Hidcote Manor Gardens. There you can sip the hours away, feast Billy Bunter fashion on sweet treats, and buy more cakes to take with you when you leave.

Soups and sandwiches are also

available but surprisingly and, regrettably, the soups come from cartons.

The catering offered at many houses and gardens open to the public is often undistinguished. Sheldon Manor, near Chippingham, one of England's lesser known manor houses, modest and charming, is a happy exception. Tourists making the pilgrimage from London to Bath should consider making the minor detour needed to visit it just four miles from junction 17 of the M4, for warm hospitality and felicitous cooking in the country house tradition thrive here.

The teatime spread is splendid with breads, scones, cakes and biscuits made on the premises, as are the jams, many using fruits grown in the garden, which include greengage, mulberry, quince and medlar.

At lunchtime (booking is advised) a cold buffet table is supplemented by a hot dish or two to meet the vagaries of British summer weather. The emphasis is on home-made and local specialities, with good soups, salads, pâtés, pickles and chutneys, proper Wiltshire ham, mutton from the estate's own Jacob sheep, a cold chicken dish called Lemon Hen, and a proper complement of puddings.

Private lunch parties can be booked during winter months, when the log-fired hall and linen-fold parlour dining room are available for private hire.

Cooks who rate baking the most therapeutic branch of cookery will rejoice in the publication next month of *The Baking Book* by Linda Collister and Anthony Blake (Conran Octopus, 192 pages £20) a follow-on to their acclaimed *The Bread Book*. Like the ear-



Weekend treats: mille feuilles are a perfect choice for teatime. Picture from 'The Baking Book' by Linda Collister and Anthony Blake, to be published by Conran Octopus next month, priced £20 for hardback

lier volume, this is international in flavour, its recipes and the market it is aimed at being pan-European and transatlantic, rather than exclusively British. Puddings, pastries, pies and tarts are all on the menu as are breads, biscuits and cakes.

Both photographs and recipes are immaculately detailed, offering genuinely useful tips to encourage those as cack-handed as me.

Here is a teatime tester from the book, plus my own recipe for English iced coffee.

## CHOCOLATE MACAROONS

(makes 30)  
100g good dark chocolate, chopped; 2 egg whites; 140g unblanched almonds, very finely ground; 140g caster sugar. For the filling: 100g good dark chocolate, chopped; 100ml double cream or crème fraîche.

Put the chocolate in a heat-proof bowl set over a pan of hot, not boiling, water and

melt very gently; remove from the heat and stir until smooth. Using an electric mixer or whisk, whisk the egg whites to soft peaks. Gradually whisk in the almonds mixed with the sugar. Gently fold in the melted chocolate using a metal spoon.

Put a heaped tablespoon of the mixture on a baking tray lined with non-stick parchment; spread it to 7.5cm round. Repeat with the rest of the mixture, making 16 rounds. Bake at 135°C (275°F), gas mark 1 for one hour or until firm. Cool slightly on the baking tray then transfer to a wire rack to cool completely.

For the filling, gently heat the chopped chocolate and cream in a small heavy pan, stirring occasionally until melted. Leave to cool then beat with a wooden spoon until thick and fluffy. Chill until firm.

Sandwich the macaroons in pairs, spreading them generously with the filling, and

leave for about an hour before serving.

## TOICARNE GRINGER

(makes about 30)

340g self-raising flour; 900g golden caster sugar; 1 tablespoon ground ginger; 1 tablespoon bicarbonate of soda; 110g unsalted butter; 85g golden syrup; 1 egg, beaten; 2 pieces of stem ginger, drained of syrup, (about 40g) finely chopped.

Put all the dry ingredients into a bowl and stir until thoroughly mixed. Gently melt the butter with the golden syrup. Pour this on to the dry ingredients, add the egg and ginger, and mix well with a wooden spoon to make a dough.

Using your hands, roll walnut-sized pieces of the dough into balls. Place them well apart on greased baking trays, and slightly flatten each ball. Bake at 170°C (325°F), gas mark 3 for 15-20 minutes or until crisp and golden. Leave

to cool on the trays for a minute before lifting them on to a wire rack to cool completely. Store in an airtight tin and eat within a week.

## ENGLISH ICED COFFEE

(serves 4)

Not half so sophisticated as the jet black slush of granite di cafe with its high roast kick, but coffee usually means instant in Britain and this is dairy country.

Scant 15g instant coffee granules (I use Hag; 1 slightly heaped tablespoon sugar; 150ml boiling water; 600ml cold water; plenty of good creamy vanilla ice cream (or better still clotted cream ice cream); 200ml cold milk (optional).

Mix the instant coffee with the sugar, pour on the boiling water and stir until the sweetener is fully dissolved. Dilute with the cold water. As soon as the mixture is sufficiently cool, cover and refrigerate it. Chill well.

Put several generous scoops of ice cream into each glass in sweltering weather. It is a good idea to put the glasses in the fridge for half an hour or so before using. Pour on the coffee, add a shot of milk if liked, and stir vigorously until the ice cream blends with the coffee and begins to melt into it. Serve with a spoon in each glass.

■ Meg Rivers' Mail Order Cakes, tel: 01295-688101 or fax 01295-680793.

□ Meg Rivers' Traditional English Tearoom & Cake Shop is open all year round (Mon-Sat 9.30am-5pm, Sun & bank hols 12-4pm) at 2 High Street, Shipston on Stour, Warwickshire CV35 9AJ. Tel: 01828-682217.

■ Sheldon Manor, nr Chippingham, Wiltshire, SN14 0RG, is open to the public on Sun, Thurs and bank hols afternoons until October 6. For lunch bookings, inquiries about corporate entertaining, small conferences and wedding receptions, tel: 01249-653120.

## Gardening / Robin Lane Fox

## So much to see - so much to buy

The Hampton Court Flower Show is rumouring away. At least 20 per cent more people will visit it than the 140,000 who visited Chelsea in May.

So spare a thought for the poor residents within range of the A3 whose lives have been frustrated by the traffic all week. If you read this at a safe distance and are wondering whether to visit at impulse, I suggest that you drop the idea if it involves a car.

What are we to make of it all? Everybody seems to enjoy it, because there is so much to buy. I have to say that it is only a show with a heavy input of heritage and craft industries. It is certainly not a garden and not much of it attaches to the realities of gardening life.

It is unreal, unless you can suspend disbelief and be happy to bounce from the idea of a dream cottage to the sounds of a Highland piper, the sight of implausible females crammed into old-time attics and the prospect of glazed doughnuts and glazed pottery at every turn between the marquees.

Under canvas, I would encourage keen gardeners to make straight for Marquee 5. They will see the wonderful display of Clematis from Valley Nurseries who have con-

trived to show the fragile forms of Clematis Texensis on a supporting frame to a height of 6ft and more. These forms are not nearly so difficult as some gardeners believe. I have succeeded with them as a summer covering for spring viburnums and am pleased to see their height and elegance done better justice at a show.

In the same area, you can enjoy the artful informality of Glebe Cottage's country garden which works its usual magic with the constraints of a formal exhibit. The Painted Lady sweet peas look as if they had grown naturally up wooden stakes and I even suspended my dislike of at least three components of a red and orange corner, involving a red astilbe, the orange dahlia David Howard, red hot poker and that type of Achillea called Great Expectations. It goes to show what clever staking can do.

In the same marquee, Rickards is staging yet another of its remarkable displays of hardy ferns. Time has passed since we all professed to abominate these relics of late Victorian fashion. Rickards of Tenbury Welles displays them with a freshness and art which wins over even my fern-free imagination.

My personal preferences

went to a subtle exhibit of various zupples, one or two hollies and oaks from Mallet Court nursery, also in Marquee 5. Country visitors, who may be wondering when they will stop feeling dazed, will feel reassured by this charming patchwork of rare plants.

From Marquee 5 it is a mercifully small show to Marquee 4. Here, I found the outstanding flowers of the show, the

If you are thinking of an impulse visit, drop the idea if it involves a car

latest types of hybrid Alstroemeria which P.S. Smith of Chantombury Nursery, Ashington, Chantombury, West Sussex, has pioneered to new levels. His earlier varieties proved hardy and pleasurable for many careful readers, but the new Princess Alexandra variety with its handsome markings and proportion of white is spectacular. Plants have been selling at £5.50 each and the punters are queuing.

Under canvas, there is plenty

more to see. Bressingham Nurseries has given particular prominence to a new hardy perennial creamy-yellow daisy, a form of the dependable Anthemis which they have called Susanna Mitchell. And some spectacular arrays of fuchsias include the recently validated forms which Wisley has declared to be hardy.

At Hampton Court, small flowering plants were changing hands at £5, with pelargoniums offered at up to £7 each. It is worth remembering that the same plants cost between 60p and £1.20 if you order them in spring from the nursery lists, as the exhibitors themselves were happy to remark.

Gadgets, awnings and weaponry against weeds is admirably assessable on the hundreds of outdoor stands. I greatly value my Hampton catalogue, which is a definitive first guide to the ins and outs of the contemporary trade in aids and frivolities. If you want pots, greenhouses or odds and ends, you will set off on the right track outside the marquees.

If you want ideas for a garden, you will be less lucky. All the gardens are pretty frightful, unless you persuade yourself that they have to be planted in the sponsored style. They are below the Chelsea watermark, and you may

remember what that means.

The best of the bunch is Sainsbury Homebase, although it used some perfectly horrible walling with a zigzag line and a hard shade of white.

The main problem is that the planters simply jammed in "obedient material" which might just as well have come from a hotel forecourt. Fortunately, it never seems to translate into popular taste, possibly because nobody could afford its density and transience.

There is not the Chelsea level of relationship between top designers and the occasional enlightened sponsor. If there were, I am not sure that it would be noticed or prominent.

The majority of this resounding success is really a trade fair at retail prices, packed with shoppers and couples who have found something which they can both tolerate, after the divisions over Wimbledon and Euro 96.

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Far from the realities of gardening life: Hampton Court Flower Show

Colin Vines

JAN 16 1996



## FOOD AND DRINK

## Golden and delicious tipples

Jancis Robinson says this is the time to drink sweet wine

One of the many great mysteries of modern life is why people are so snuffy about sweet wines. Perhaps it is because virtually all those which form a bridge between childhood drinks and grown-up wine – Liebfraumilch, Lambrusco, Mateus rose, Pinot d'Or, Gallo Hearty Burgundy – are deliberately sweetened, usually with added grape concentrate.

So poor old Ch d'Yquem, granddaddy of Sauternes and arguably the noblest, longest-lived, most difficult-to-make wine of all is tarred with the same vaguely sticky brush as these mass market sweeteners. While its Médoc counterparts churn out reliable quantities of their dry red Bordeaux year in year out, Yquem, and other

fine Sauternes properties, have no such guarantee. They have to pay to send pickers through the vineyard an average of six times over six weeks every autumn, in the sometimes vain hope of gathering a worthwhile quantity of grapes shrivelled by botrytis, or noble rot, which gives great sweet wine such a long and glorious life.

The consequence is that while the Médoc proprietors have practically run out of refinements to spend their money on, Yquem is looking increasingly like a 15th generation Scottish castle with death duties pending. Nevertheless, one of the most memorable meals I have had was a lunch at Yquem. Believe it or not, the sweet,

golden house wine was served throughout the meal – a different vintage with each course, naturally – and I rose from the table feeling thoroughly refreshed (as well I might, you may feel, having just had several hundred pounds worth of wine poured down my throat).

We started with *foie gras*, this extraordinary delicacy being a classic partner of sweet wine in south-west France. This was in an era when my own liver could still look a second helping of *foie gras* in the face. Then, perhaps most controversially, Yquem was served with a main course of chicken. This was not a sickly sweet wine, but an intense, almost

burnt-tasting, savoury vintage which, because it had absolutely enough acid and concentration to counterbalance the sweetness, was not remotely cloying. Roquefort followed, another traditional sweet wine partner in which the cheese's salt and acid is counterbalanced by the wine's sweetness. The only course that was less than convincing was the Yquem was in the pudding, an almond tart.

In my experience it is quite difficult to match sweet foods with sweet wines. If the food is sweeter than the wine, the wine, even an expensive one, all too easily tastes like vinegar. In domestic practice, it can be easier to choose to serve sweet wine with cheese, not

just blue cheese (a custom now enthusiastically embraced by food-traditionalist tasting expert Michael Broadbent), or on their own at the end of a meal, or even with a sweetish savoury food such as onion tart.

But this is by far the best time of year to enjoy sweet wine in its supposedly proper place, with the sweet course, for summer berries are an ideal accompaniment. Strawberries, raspberries, blackberries, gooseberries and currants of all colours can rarely muster a level of sweetness to rival that of a sweet wine, and their natural tartness cries out for something truly, unlike the apples of the same name, golden and delicious.

## Sweet wines to buy

■ **Ch de la Chartreuse 1990 Sauternes**, £3.99 a half (57.5cl), at bigger J. Sainsbury and Oddbins. Now here is a Sauternes designed to assuage the doubters: pungent, full-bodied, rich, deep-flavoured with both smoke and fire and an almost peppery burnt sweetness. Buy as much of the 1990 as you can afford because it will keep beautifully and the next vintage, 1994, is a pale shadow.

■ **Berry's Sauternes**, £3.95, 50cl, Berry Bros & Rudd. This is not as exciting and rich as the Chartreuse but is lively and well made by Duboucheux of Ch de la Chartreuse.

■ **Lindemans Botrytis Semillon 1989**, about £3.99 a half, top Tescos, Berkeley Wines, Fullers, Eldridge Pope, Hobs, Majestic, Oddbins, Unwins. This Australian is a little bit oily and glucose syrup-like but it is not expensive and has the lovely, piercing acidity of nobly rotten grapes. It would be fine well chilled.

■ **White Jerepigo 1979 KWV**, £3.99, Watsons. This is a traditional South African speciality, fortified with spirit and aged in wood to produce this greenish gold rancio syrup saved by its sharp spine of acidity. Watsons has a long track record of finding obscure but interesting sweet and fortified wines, including at present a bizarre alcoholic raspberry syrup at

£7.59 which it claims is just the ticket with chocolate ice cream.

■ **Ch Pierre Sise, L'Anclote 1994** Selection de Grains Nobles 1994 Coteaux de Layon, £14.95, Lee & Sandeman, London W8, SW10 and SW13. Do not worry about the length of this wine's name. Just ask L&S for the sweet white Loire it has lost its heart to – and quite rightly. This botrytised marvel from Claude Papin's patch of schist in Beaulieu is truly, literally, gorgeous. Deep gold, wonderful texture, lovely nose, very, very persistent. Should age superbly too.

■ **Chardonnay/Vielichausen Riesling 1994**, Alois Kracher, £26 a half, Noel Young 01223-844744. Classic proof of Austrian Burgundian's ability to harvest lots of beautifully botrytised grapes practically every year, this is the master winemaker's classic grape blend (analogous to Sauternes' Semillon/Sauvignon). Drink now or over the next few years.

■ **Schilthard 1993 MWL Opitz**, £28.18 a half, T & W Wines, 01842-755648. Kracher's cousin and master marketer (he has just released a CD of the sounds of different grapes fermenting) produces this rarity, a deep copper syrup from grapes dried on straw mats on the shores of Burgundian's great lake, the Neusiedlersee.

them. Then there is the Iron-ale Cafe with its lengthy steam table – it formed the basis of the film *Fried Green Tomatoes at the Whistle Stop Cafe*. Both the Ark out on Lake Logan Martin and Catfish Cabin in town specialise in fried catfish and hush puppies. I knew I was in an authentic place when I read the welcoming sign: "To be served must be properly dressed – No tank tops, no bare feet, no rollers on head." And nearby: "Smoking is not encouraged but accepted." I had arrived at Niki's West in an unsullied part of Birmingham. Gus Hontzas, its owner, acknowledges that he had to be good to compensate for the location. It is a unique southern restaurant, known for its vegetables (30 plus daily specials) and homemade desserts (nine pies alone).

"It's not like a northern place that serves steak, potatoes and salad," says Hontzas, who explains that many of his customers are watching their cholesterol levels so he uses no butter, only oil.

You can line up at the door to go through the cafeteria section. At one sitting, Niki's can feed 450 people and serves 1,500 to 2,000 a day. The queue is formed in three lines under three chandeliers – a curious decorative benevolence for such a neighbourhood – along with fish sculptures and maps of Greece. Hontzas is from Tsalika in the Peloponnese and he arrived in Birmingham in 1967.

His Thursday specials included barbecue beef ribs, liver and onions, baked Greek chicken and fried shrimp. "Meat and 3" (meaning three vegetables) costs \$8.14; meat and 2, \$6.03; 2 veg, \$3.76. I opt for four vegetables. The portions are enormous – if I were a truck driver, I guess it would be a perfect meal. I eat fried green tomatoes, black eyed peas, boiled okra and tomatoes and candied yams. I could have ordered three vegetables and one of the desserts, say, peach cobbler or bread pudding but, hey, am I greedy?

If you are not a cafeteria person, do not like pushing a tray and seeing what is available then an extensive menu is brought to you. The waitress wanders leisurely to the table, deposits baskets of hush puppies and biscuits, and takes orders. Beer and iced tea are *de rigueur*. "Sweetened or un?" she asks. I was terrific. As we stagger up and pay our bill (five of us ate like royalty for \$31, about £20), the cashier smiled and said, "Y'all come back, ya hear."

Claire Frankel

## Why fish is no longer a penance

I was once having dinner at the home of the local solicitor in the west of Ireland. Tumbler of whiskey had been consumed beforehand. The soup came and went. Lamb chops followed. The sound of corks lifted from bottles was deafening.

I was preparing an assault on the pudding and cheese when the host, who until then had appeared a sane individual, asked if I liked fishing. I nodded.

"That's great. We'll be off then."

It was 11pm and pitch black outside. However, this was the last night when the solicitor had netting rights on the nearby river. His wife seemed to think all this was normal behaviour and waved a cheery hand as we left to meet the lads out on the boat.

We caught nothing. I nearly did myself permanent damage slipping over the rocks. At one point the local butcher had to carry me ashore.

A similar thing happened the other night at Kealeys fish restaurant at Greencastle, in the northerly reaches of County Donegal, on the estuary of the river Foyle. The nearby oyster beds are the biggest in Europe. So the oysters had slipped down nicely. Next came the Greencastle chowder, full of more fish than soup. The main course was a giant piece of turbot. As I struggled to do it justice, James Kealey, the restaurant's owner and chef, suggested a little walk.

Perhaps I would care to go to the fish auction across the road? With a gulp of wine – a Chateau Musar '90 that had made its way from the hills of Lebanon to the wilds of Donegal – we were off.

For the next hour we watched the mysterious game of fish buying. Greencastle is one of Ireland's busiest fishing ports. There was much talk of the terrible inequities of European Union fishery policies. Peter, the manager of the local fishermen's co-op, says Ireland has 17 per cent of EU waters but less than 5 per cent of the fish catching quota.

"Our boats have to stay in port while the Spanish and French sail by, catching all they want."

In between bidding, James gives his cooking philosophy. "You don't need many sauces or trills. When fish is as fresh as this you don't want to interfere with it much."

By the time we were back at the restaurant it was nearly

midnight. No one seemed to have left. A German stayed at a pint of stout, cream droplets clinging to his beard. A party of French grandmothers tucked into desserts.

Eating in Ireland used to be a dreary menu of brown wind-sor soup and creamed meat. However, in recent years a culinary revolution has taken place. Chefs have learned to use fresh local produce. Fish, once the dish of penance, has come into vogue.

This year Egon Ronay gave Kealeys the best seafood restaurant in Ireland award.

The Chateau Musar was finished and pints of stout and Irish coffee appeared. James and his wife, Tricia, modest to a fault, are amazed Kealeys has come so far, so fast.

"Donegal has always been known as the forgotten county," he says. "We came back here to run the family pub seven years ago. There was nothing. Nowhere to eat for miles around. Yet there was seafood right outside the door."

James trained in Dublin and Germany. "At first we served anything from lobster thermidor to sandwiches here in the bar. People would crowd in. A couple of years ago we decided to build a proper restaurant."

Kealeys has a celebrity following. John Hume, MP for Londonderry, often holds court there. Mary Robinson, Ireland's president, has visited. Brian Friel, the playwright, is a neighbour and regular customer.

Outside the winds are beginning to blow. Greencastle is only a few miles from Malin Head, the most northerly point in Ireland.

The French party left with a chorus of thanks. The German decided to give his beard another dousing. More pints arrived. Most of the people from the fish auction joined the party.

Tricia suddenly remembered I was not offered dessert. She volunteered to rustle up some belly-plitting delicacy.

Too late and too full of drink to drive back, I look for a bed and breakfast. It is a wonder no one suggested a fishing expedition.

■ **Kealeys seafood restaurant, Greencastle, County Donegal.** Tel: (within Ireland) 0171-81010. Food is served seven days a week between June and October.

Kieran Cooke

US southern hospitality is 90 per cent about food the other 10 has to do with old world courtesy borrowed mostly from English ancestors who migrated from their South Carolina rice plantations.

Do not misunderstand – I do not mean to infer that southerners are only 10 per cent courteous; their courtesy is processed into edibles.

In the Deep South, Georgia, Alabama, Mississippi, Arkansas, Louisiana, South Carolina and parts of Florida, they are generous and the greeting "come on to dinner" is well meant.

So if you are lucky enough to be spending a little Olympic time in Birmingham, Alabama, perhaps for the soccer, you are in for a treat of regional specialities, a culinary adventure.

Fried chicken, hush puppies, biscuits, grits, hickory-smoked barbecue, sorghum syrup, turnip greens and pot likker, fried okra, succotash, catfish, gumbo are all part of the southern cooking tradition. The regional obsession is rice – sweet potato, peanut butter, pecan, lemon meringue, peach and apple.

Any first-rate household or restaurant tests a new cook (the word "chef" is not part of the vocabulary) on fried chicken. Never mind that finger-licking variety that has spread its greasy wings around the globe, real fried chicken is succulently encased in a light, greaseless seasoned cloak. It is crunchy on the outside, moist on the inside. The same treatment is given to fried catfish. Hush puppies, made of coarse cornmeal and chopped onion, are deep-fried. Looking like feathery biscuits, they are served and replenished as a matter of course.

Breakfast is not the usual on-the-run American bowl of cornflakes and coffee in a mug that fits into its car container. No siree, a southern morning meal is a big deal.

Coffee comes immediately. Tea will come, well, eventually. Have you ever tasted red eye gravy? It is made from ham drippings and coffee and is delicious for dunking your biscuits. Ditto sorghum syrup. Then you get eggs and hot corn cereal, grits, hash brown potatoes, and bacon cut thick with the rind on – just pick it up and eat it, you cannot cut it. And sausage. And ham or steak.

Thumbing through an out-of-print Alabama cookbook, published in 1940 and updated about 20 years later, I found a number of knock-out beverage recipes such as mint juleps

## Food for Olympians in the Deep South



Orzo and green gumbo with okra: all part of the rich cooking tradition of the southern US

Anthony Blake Photo Library

(fresh mint, powdered sugar, ice, water and whiskey) and London Fog (1 jigger bourbon, 1 jigger strong black coffee, 1 large tablespoon coffee or vanilla ice cream). Egg nog seemed to be a Christmas favourite: 12 eggs, 12 tablespoons sugar, 1 pint whipping cream, 1½ cups bourbon and ½

cup rum. Potent stuff. The book is a window on southern culinary treats from pickled black-eyed peas to Jeff Davis (president of the Confederacy) pie made with buttermilk. "Real good with a crusty top," it reads. Not surprisingly, most of the down-home eateries are on the

highway and frequented by truck drivers who know their food. On Highway 78, about 30 miles from Birmingham, an old farmhouse called Uncle Mort's Restaurant serves a magnificent breakfast at any time of the day. All the items already mentioned are part of his "special" plus his peanut butter

pie. It is so good it is sinful. Looking like a school cafeteria with its bright lights and wood floors, Lloyd's on Highway 280 in suburban Birmingham has everything fried: chicken, onion rings, oysters and it is an institution. It serves iced tea in quart-sized glasses and constantly refills

Appetisers / Jill James

## Cheating at eating caviar

The price people pay for caviar never ceases to astound. And while it is true that nothing is as good as the best Beluga, Ossetra and Serruga, it is surprising that more people do not opt for other fish roe – particularly if they are eating it as an accompaniment – which is a fraction of the cost of the real McCoy.

The reliable Morel Bros, Cobbett & Son, Unit 7, Coldharbour Lane, London SE25 8NT, which does fine foods by mail order, is stocking salmon roe at £9.95 per 100g and Cavia, sea hen

roe, at £9.95 for 250g. Compared with, say, the company's pasteurised Beluga (£39.95 for 250g) that is not a bad option.

An Aberdeen Angus assortment of about 82kg comprising sirloin, braising steak, forerib, entrecote, silverside, top rump, topside and mince costs £2.29 per kg during the sale, compared with the usual price of £6.16 per kg.

Customers who do not want meat in such quantity could opt for the Box for Two Busy People – 17kg of pork, beef, half lamb shoulders, lamb chops and cutlets etc – for £6.19 per kilo. To order telephone free on 0800 376 1234, 24 hours a day.

■ Those who are braving the Knightsbridge summer sales might seek rest and relaxation in the Chelsea Hotel, in Sloane Street. Darren Roberts, the head chef, is putting on an £8 two-course set menu (£11.50 for three courses) for those ordering between 6pm and 8pm in the First Floor restaurant.

Dishes include chilled melon soup with port, grilled lamb

with lemon-glazed potatoes and a red pepper vinaigrette. A new menu will be created every week this month and next. For reservations ring 0171-233 4777 x 1531.

■ Shoppers who just want a snack or drink could try Schlitzky's, an American deli café, which has just opened its first UK branch in the Plaza Centre, Oxford Street, London W1. The menu is based on what has proved popular in the US – 14 different hot deli sandwiches, soups, salads, desserts and coffees.

The first deli founded in New Orleans was based on a single sandwich, "The Original", which contains ham, two types of salami, melted Cheddar, Parmesan and Mozzarella cheeses, lettuce, tomato and onion all topped with marinated black olives.

Sounds a mess to me but if you like huge amounts of different fillings then this is the place. Every sandwich is made to order but you can call or fax ahead. Tel: 0171-580 3648, fax: 0171-580 3647. More retail outlets are planned elsewhere in Britain.

of reductions on an extensive range of fish and meat until September 27 – so long as it is ordered before the sale ends on July 20.

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## BOOKS

## Zionism: profit and loss

David Pryce-Jones on a pithy guide to the history of Jewish emancipation

As the modern world took shape, Jews at last had the opportunity to become active agents of their fate rather than remain the passive victims of the people among whom they lived. Prospects opened to several possible futures. What actually happened was unpredictable and extraordinary and it has the force of a parable about mankind.

Geoffrey Wheatcroft is a good guide. He enjoys arguing all round a position, and he is pithy, even witty, which is quite a feat on such a topic. His material derives from a range of sources, reaching to popular music and horse racing, believe it or not. A rationalist, he prefers things to be nice and tidy, with the result that "strange" and "curious" are his favourite adjectives of bafflement at the many paradoxes and ironies thrown up in the course of Jewish emancipation.

A line of thought running from

Voltaire to Hitler extended the prejudice of the past, maintaining that Jews were hateful in themselves. Owing primary allegiance to their own kind, they could never be accommodated in a society, it was argued. The Comte de Clermont-Tonnerre, in a parliamentary debate in Paris in 1789, instead asked "How can we make the Jews happier and more useful?" Although the question still took Jewish passiveness for granted the answer seemed obvious. Jews had only to assimilate - in other words, all would be well if they became the same as those they lived among. Remaining distinctions would be folkloric.

Assimilation became a practical possibility when the newfangled idea of the nation-state was shaking up settled patterns everywhere. Germans, Italians, Greeks, Poles, Irish and others were organising themselves on the basis of race and language and, to some extent, religion. National unity involved doing violence to the neighbours, to native back-sliders and to minorities. Whether in Tsarist Russia, Dreyfusard France or nationalist Germany, Jews in practice found that assimilation veered between illusion and fraud. The slogans might be fine and fresh, but the persecution was familiar. By the

million, Jews emigrated to America where the going was good. A small number drew the conclusion that what Jews ought really to

THE CONTROVERSY OF ZION  
by Geoffrey Wheatcroft  
Sinclair-Stevenson £17.99, 320 pages

copy from everyone else was the nation-state itself. If they had one of their own, in Palestine preferably, then they could be just like other people, assimilating at a higher level, as it were, but without any surrender of identity.

Those in favour included Moses Hess, Theodor Herzl and Chaim Weizmann; those notably against were influential Jews, usually capitalists, but also Karl Marx, the Viennese satirist Karl Kraus, and Leon Trotsky, all of whom offered their own varieties of assimilation. Unpicking the threads of a passionate and profound debate, Wheatcroft concludes that on the whole the Zionists lost, and deserved to lose. Although Utopians, they were also pessimists who had accepted, even internalised, the anti-Semitic prejudice that Jews would always be hateful to other people.

There the matter might have

rested, but for the accidents of history. For imperial reasons, the British took control of Palestine in the first world war and legitimised Zionism as a mass movement. Soon afterwards, Hitler carried Jew-hatred to its ultimate end of mass murder. The Zionists were proved to have been right in their pessimism. Desperate survivors from Hitler's Europe then established the nation-state of Israel.

In terms of reviving a dead language and creating a scientific and cultural centre, Wheatcroft continues, Israel has been a success. But it was bound to do violence to the Arab neighbours and he treats this

as an exceptional moral flaw rather than yet another regrettable example of real-life nationalism. More pertinently, he observes that Zionists have taken their destiny into their own hands, only to discover that this still leaves them set apart from those they live among, and persecuted for it. Anti-Zionism is a derivative repeat of anti-Semitism.

In astonishing contrast, those Jews who emigrated to America now form the largest community there has ever been, and its well-being is unprecedented. Their assimilation there appears genuine and irreversible, seemingly the best guarantee of the happiness of the Jews. Although nominally united in almost all respects, Israelis and Jews are already finding that their interests diverge. The profit-and-loss balance sheet between Zionism and assimilation is indeed strange and curious and Wheatcroft is wise to leave it at that.

## Holy city of death and destruction

Only by applying the lesson of history can Jerusalem hope to realise the dream of its devotees, writes Christian Tyler

As Israeli from Manchester - not a superstitious type - told me once in a bar in Tel Aviv that a meteorological survey of the country had produced a result so strange that the government dared not publish it.

Looking about to make sure he was not heard, he confided that the atmosphere above Jerusalem was much thinner and clearer than the city's elevation could possibly account for.

Even science, it would seem, has succumbed to the mystique of the Holy City, focus of three great religions and the cockpit of Middle East politics. For, as these histories demonstrate, Jerusalem is as much an idea, a human aspiration, as it is a place. They show, too, that when contenders for the place have brought nothing but division, death and destruction. Only by applying the lesson of history can Jerusalemites - and its devotees - hope to realise their desire for it.

Karen Armstrong, a former Catholic nun who made her name with *A History of God*, builds her dense and scholarly history around this essential psychological armature. Her portrait of the city is intended as an exploration of the "sacred geography" felt by its worshippers. All religions have their sacred mountains, groves, cities and temples: Jerusalem provides that divine access for Jews, Christians and Moslems.

The myths about Jerusalem should not be dismissed, she writes. "They are important precisely because they are myths." To point out that there is no archaeological trace of Solomon's Temple, or to doubt the authenticity of the tomb of the Christian Messiah brought to light by the emperor Constantine (not his mother Helena), or to scoff at the story of the Prophet's ascent to the "seventh heaven" from the Temple Mount, is to miss the point.

The fitness of any race or faith to hold the city, Armstrong implies, should not be judged by the historical priority of their claim. The Israelites, after all, received their revelation on Mount Sinai, not Zion, and

were content when they first conquered Jerusalem to leave it in the hands of its Jebusite rulers. Christian veneration of the holy places came relatively late and the ferocity of the Crusaders' jihad negated by its savagery any spiritual claim to precedence.

As for the Moslems, last to claim the city as a shrine, they believed themselves co-religionists of Jews and Christians and traced their ancestry to Abraham's son Ishmael. The conquering caliph Umar refused to pray at the Church of the

A HISTORY OF JERUSALEM: ONE CITY, THREE FAITHS  
by Karen Armstrong  
HarperCollins £20, 455 pages

JERUSALEM: THE ENDLESS CRUSADE  
by Andrew Sinclair  
Century £17.99, 295 pages

JERUSALEM IN THE TWENTIETH CENTURY  
by Martin Gilbert  
Chilton & Windus £20, 400 pages

Holy Sepulchre in case his followers felt obliged to erect a mosque there. He took the Jewish rabbis with him to reclaim the Temple Mount, the Haram al-Sharif, which the Christians had used as a rubbish dump.

Armstrong ends on a censorious note appropriate to her theme. In its treatment of the vanquished, she writes, the state of Israel has not measured up to the example set by King David. But nor have the Jews (who took the city back in 1967) been the worst conquerors. Yet she finds a parallel between modern Israel and the Crusader kingdom, both foreign enclaves supported and supplied largely from outside and surrounded by hostile states. She compares the high-rise Jewish settlements thrown up around the city to Crusader fortresses.

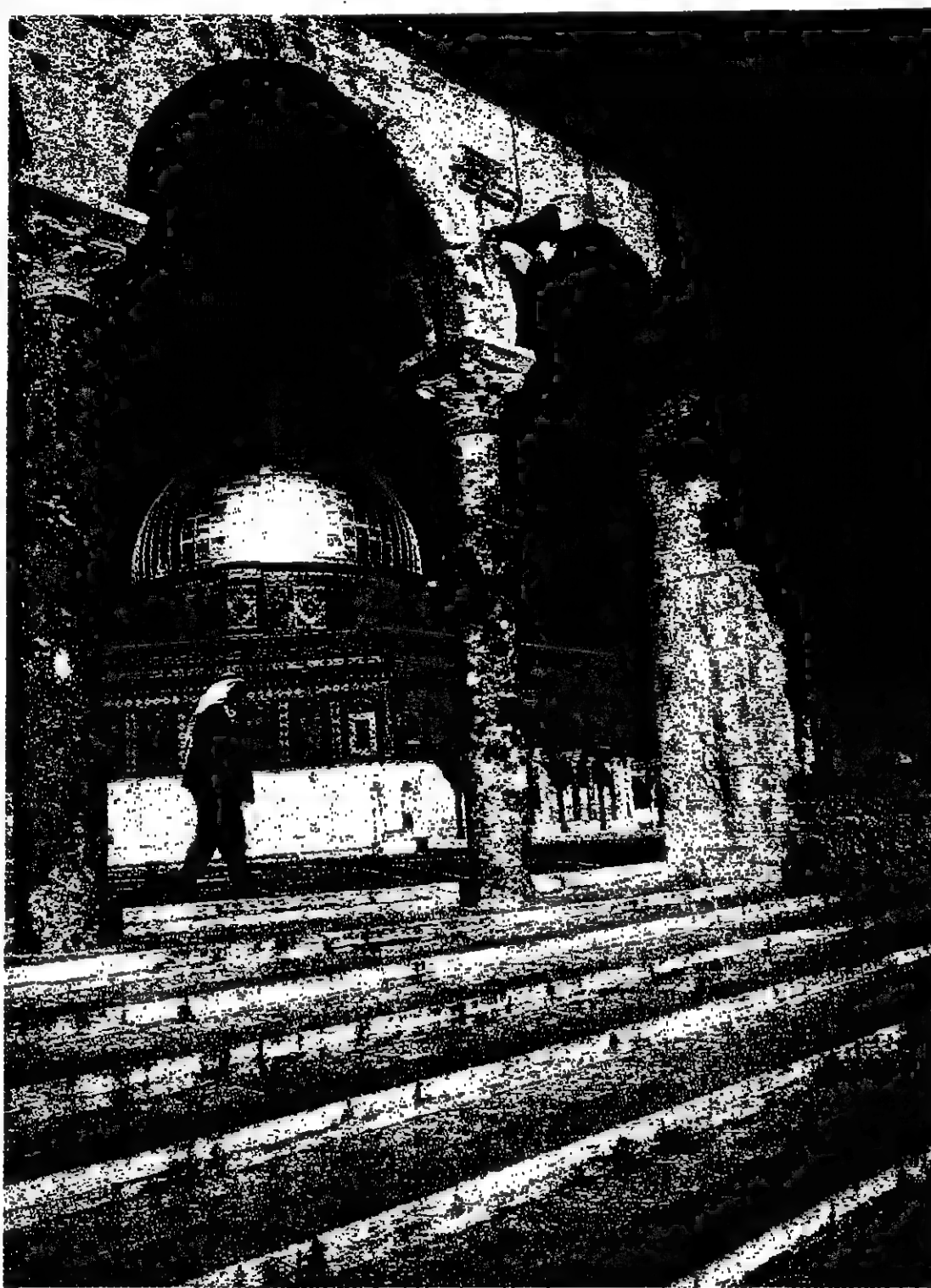
Where Armstrong dwells at length - sometimes too long - on Biblical and Byzantine Jerusalem, Andrew Sinclair moves swiftly to the blood

and thunder of the Crusades. He describes how under the papal banner (even the poor old Saxons faced one at Hastings) the mob was whipped into a holy frenzy. The first crusaders from Germany warmed up with a pogrom of the Jews, and there was no quarter given to either Jews or Moslems when the Holy City was finally taken.

Sinclair makes his own excursion into sacred geography. With William Blake at his elbow he describes some of the stranger manifestations of The New Jerusalem: not only the ritual of the Freemasons but the cult-like Anabaptist community set up in Münster in the 1530s when Lutherans and Catholics were expelled, where special coins were struck and the cathedral square was renamed "Mount Zion". In America the Pilgrim Fathers gave their settlements names such as Salem, Hebron and Bethlehem. Even Washington DC, with its groundplan of mystic circles on a grid and its dome on the rock of Capitol Hill, seems to have been an expression of spiritual longing.

From his shorter, more consciously literary account, Sinclair has few conclusions to draw. The conqueror has always declared a divine right to the city, he says (probably not true of the Persians under Cyrus) but the founder staked the first claim. "Israel has demonstrated to all the world its original and immovable title."

As a Jewish historian Martin Gilbert, the indefatigable biographer of Winston Churchill, could be expected to take an even more partisan line in his account of the city's past 100 years. But it is not his style to pass judgment, scarcely even to offer an interpretation. He illustrates by quotation. The declaration by Yitzhak Rabin, assassinated by a Jewish fanatic last October, conveys official intransigence well: "Jerusalem, which was destroyed eight times, where for years we had no access to the remnants of our Temple, was ours, is ours, and will be ours - forever." Gilbert describes without comment, and to depressing effect, the endless cycle of provocation, expropriation and terrorist atrocity.



The Dome on the Rock, representing part of Jerusalem's 'sacred geography' divided between Jews, Christians and Moslems. As the focus of three great religions and the cockpit of Middle East politics, Jerusalem is as much a human aspiration as it is a place.

The future status of Jerusalem has yet to be tackled under the peace plan agreed in late 1993. But the lesson of history - of two of these histories, at least - seems to be that no political jurisdiction can be

peacefully enforced without unequalled recognition of spiritual claims. Israelis regard Jerusalem as their capital (though the United Nations does not) and so do the Palestinians. Proposals for joint sovereignty

which have been floated recently may or may not be realistic. But Jerusalem is not a Beirut or a Belfast. It is a unique place where, in the words of King Hussein of Jordan, "sovereignty is God's alone."

## Restoration of a reputation

If this book does not rescue Bacon from Macaulay, nothing will, writes A.C. Grayling

Is Francis Bacon one of England's greatest? He is a paradigm of Renaissance Man, scholar and statesman, author of some of the wisest and most graceful works in the literature of England, reformer, kind friend, patron saint of the scientific revolution and harbinger of modern times? Or is he a snake, a rat, a betrayer, a cheat, a coward, a corrupt and cynical self-server, without honour, without truth, who clambered upwards on others' backs, and repaid them with treachery and worse?

In the eyes of history Bacon appears either as the first of these things, or as both. Note that fact: even those who think him a rat and a cheat acknowledge his genius as writer, thinker and statesman. But the imputation of terrible dishonour obscures his virtues in these respects, which is why the controversy over his reputation matters. For if the charge of dishonour is unfair, then one of the heroes not just of England but of Anglophone, indeed western, culture has been denied his place.

The aim of Nieves Mathews' absorbing book is to defend Bacon against his accusers, and thus

restore him to the pantheon. "Restore" is the right word; for as Mathews shows, the accusations only began a century after Bacon's death, until which time he had been admired by his countrymen to such an extent that when the Royal Society was founded in 1660, a generation after Bacon's time, he was invoked as its inspiration and example.

The trouble began with Alexander Pope's reference to Bacon as "the wisest, brightest, meanest of mankind", and reached its plateau with the brilliant essay by Macaulay, published in 1837, which devastated Bacon's reputation and set an orthodoxy in which Bacon's genius is obscured by his alleged moral villainess.

The bare facts are these. Bacon

was born in 1561, the son of Sir Nicholas Bacon, Lord Keeper of the Great Seal and both brother-in-law and political ally of Elizabeth I's

prime minister, William Cecil. He went to Trinity College, Cambridge at the age of 13, and at 16 held a post in the English Embassy at Paris. After qualifying as a barrister at Gray's Inn he entered Parliament, rapidly distinguishing himself as an

FRANCIS BACON: THE HISTORY OF A CHARACTER  
ASSASSINATION  
by Nieves Mathews  
Yale University Press £40, 592 pages

orator and astute man of affairs. He became a legal officer in Elizabeth's administration, and established his literary reputation with his marvelous *Essays*.

In 1591 he met the Earl of Essex,

Elizabeth's unruly and therefore intermittent favourite. Essex became his patron, his Essex's adviser. In 1591 he was one of the prosecutors in

Essex's treason trial, which ended in the earl's execution. Under James I Bacon's career flourished. Holding successively more senior positions, he was ennobled first as Lord Verulam and then as Viscount St Albans, and became Lord Chancellor in 1617. In 1621 he was impeached before the House of Lords for taking bribes, admitted the charge and left office, dying five years later. During his busy public life, and in the years of retirement afterwards, he wrote important works of philosophy, chief among them *The Advancement of Learning* and the *Novum Organum*, in which he argued for an experimental, inductive approach to the acquisition of knowledge, in order to advance the cause of science by giving it a new methodology free from the stultifications of Aristotelian logic.

It is Bacon's treatment of Essex, and the corruption which ended his

career, that Macaulay attacks. The bare facts - that he acted as his patron's prosecutor, and that at the dizzy height of power he took bribes - seem to shout against him. Lytton Strachey, himself as much in love with the glittering Essex as Elizabeth had been, called Bacon a snake. Betrayal and corruption: the two crimes magnify each other, and jointly look like proof. The exquisite mastery of Macaulay's prose, together with his generous estimate of Bacon's intellectual achievements, make the case seem unanswerable. Accordingly, when James Spedding published a careful and minute reply to Macaulay a few years later, it went unheeded. But Spedding's defence shows that Macaulay, writing his essay in Calcutta with one biography of Bacon before him as his only source, had been guilty of serious misrepresentations.

Nieves Mathews rehearses Spedding's account, supplementing it

with much new material. Bacon's repeated efforts to advise Essex against folly; his attempt to mediate between him and a jealous Queen; his hope of securing a lighter sentence for Essex if only he would confess and seek forgiveness (which Essex did, but too late); and later, the fact that everyone in office was pilled with gifts by suitors, and that all of them, including the political opponents who secured Bacon's removal from office, were themselves acceptors of just such gifts: these facts put a very different complexion on things. Macaulay neither situated Bacon in his times, nor examined any of the original documents. If he had done so, he would have found a greater continuity between Bacon's actions and the extraordinary and profoundly attractive mind present in the works of philosophy and literature which bear his name.

Mathews' account is highly readable and crammed with interest. It is a frank - one might almost say, a zealous - work of partisanship; but the evidence it marshals on Bacon's behalf is compelling nonetheless. If it does not rescue Bacon from Macaulay, nothing will. I think it does.

other systems, says H. Keith Melton, will make automated electronic surveillance more sophisticated; new ephors will enhance the security of communications, making code breaking much harder; and disembodied software mercenaries will bloom in cyberspace.

Unfortunately, that is about all that H. Keith Melton has to say about the future of espionage. And it seems not to have occurred to him that the spies of the future will all be women, once they have abolished men and the things they hide in their trousers.

Michael Thompson-Noel

Fiction  
Boiled down wisdom

Few popular prophets have stretched more mileage out of the meaning of life than Jostein Gaarder. And none - not even Plato, Aristotle, Socrates or Jesus Christ himself - has managed to transform the existential conundrum into such a premium, high-yield cash cow.

*Sophie's World*, his "novel" about the history of philosophical thought, has become the biggest publishing phenomenon of the 1990s. A relatively straightforward guide to philosophy buried in the flimsy story of a young girl's thirst for knowledge, it was translated into 40 languages, conquered the best-seller lists in all of them and turned an obscure philosophy teacher, living in a sleepy Norwegian town called Bergen, into an internationally renowned guru.

The *Solitaire Mystery*, the author's attempt to build on this sparkling success, mines a similar "philosophy for the masses" vein and is aimed at

THE SOLITAIRE MYSTERY  
by Jostein Gaarder  
Phoenix House £16.99, 292 pages

the same readership of sage children and childish adults. It follows Hans Thomas, a young Norwegian boy, and his father, who is alcoholic and philosophic in equal measure, on a journey across Europe.

The odyssey is an attempt to locate *Amor*, the mother and wife who inexplicably ran away to Athens eight years previously to become a model. Along the way, they bump into a highly suspicious dwarf with an equally suspicious, frigid handshake who directs them to the Swiss town of Dorf. There they encounter a mysterious baker who gives Hans Thomas an outside sticky bun containing a tiny book - the second of many convoluted narrative strands - which opens his mind to those old, threadbare questions: "Who are we? Where do we come from?"

Some of Gaarder's answers to these fundamental inquiries are mildly intriguing. "Life is one huge lottery," he opines, "where only the winning tickets are visible." Many of the conclusions, as well as the organisation of the chapters, are based on the pervasive metaphor of a metaphysical game of cards. Members of the human race, Gaarder claims, are dwarf-like miniatures, obsessed with their own, pitifully limited sensory existence and shuffled by chance or by the Almighty. Only the philosopher - the joker in the pack - can see beyond this endless game of solitaire.

Most of this is predictably familiar territory for Gaarder, a formula that has worked so magnificently well before. But while *Sophie's World* appealed to people who wanted to learn about philosophy without going to all that bother of actually reading any works by stuffy, dull old philosophers, it remains unclear what exactly is the point of *The Solitaire Mystery*.

It contains all the same irritating stylistic ties - the banal vocabulary of wonder, aimless structure, infuriating and unnecessary narrative complexity - without imparting anything except Gaarder's own snippets of boiled down wisdom. It seems unlikely that the multitudes who trudged through *Sophie's World* in an effort to deepen their knowledge and broaden their horizons will be quite so happy with this.

John O'Mahony

As men slip closer towards biological irrelevance, we can expect an eruption of nostalgic picture books like this one, celebrating men in all their guises - hunters, warriors, tyrants, murderers, accountants, soccer players, lovers, spies. When there are no men left, women will at

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least have these books to remind them of the games men played.

Author H. Keith Melton is described by his publisher as "a renowned military historian and specialist in clandestine devices and equipment". Just in case we are a bit stupid, the publisher adds that Melton is "recognised internationally as an authority on espionage paraphernalia and... serves as an adviser to US intelligence agencies on historical espionage equipment".

Unless you were in the spy

game yourself, you probably wouldn't believe how much equipment and paraphernalia the spy business has thrown up. Yet here it all is, lovingly photographed and described, from suitcase radios, enigma machines and anti-bugging devices to a great variety of weapons, be they special-issue, silenced, close-combat or concealed.

Among concealed weapons, the most remarkable is was the KGB's single-shot recoil pistol, which utilised a 45mm firing device packaged in a rubber

Weapon, named after its second world war inventor, John Peskett, and designed for "special operations". It was a combination coth, garotte and dagger complete with wrist strap that looks fit to be rediscovered as a fashion accessory, especially by those determined not to be downsized by cost-crazed bosses.

Unfortunately, most of the spying celebrated in *The Ultimate Spy Book* is old-time spying with the greatest attention paid to the second world war - one of the peaks, after all, in

THE ULTIMATE SPY BOOK  
by H. Keith Melton  
Dorling Kindersley £16.99, 176 pages

sheath: a common method, writes H. Keith Melton, of hiding items from cursory search. On the other hand, if you are expecting to run into a bit of close combat but are loath to drop your pants, you would in all probability be better off with the Peskett Close-Combat



## BOOKS

# Putting an unsubstantiated boot in

This biography of Jung is an exercise in hostility and incomprehension, thunders J.D.F. Jones

The publisher's blurb starts with the asinine claim that this is "the first full-length biography" of Jung: so much for Van der Post, Stevens, Brome, Samuels, Bennett, Store, Stern, Von Franz and the rest, not to speak of the famous autobiography. Few men in this century have had so many words devoted to them, and it is necessary to ask why Frank McLynn should be adding another 600 pages to the shelf.

Dr McLynn is a hard-working professional biographer who has always had a fondness for psychological interpretations (often pretty half-baked) of his wretched subjects' lives and, to go with it, a taste for putting the boot in. Not surprisingly, *Carl Gustav Jung: A Biography* is an exercise in hostility and incomprehension. One wonders why he wrote it. With the exception of subjects like Hitler, one can surely

expect a biographer at least to start off with an element of sympathy for his chosen character, and it is arguably also desirable that he be qualified for his task. Is McLynn a psychologist? A mythologist? An historian of religion or of the arts? I believe not.

Nor does he betray the slightest experience of, or awareness of, the mysteries of the analytic process. This is not to say that it is necessary to be a "Jungian", or to have gone through an analysis, to write yet another biography of this towering figure of our time, but Jung in particular can only be appreciated, for better or worse, after long experience, consideration and evaluation

of his ideas. "I deliberately did not seek expert advice or academic readings," McLynn professes. Why not? (Anyhow, he is constantly quoting other people's opinions). The result is a combination of the old familiar stories and polemics, in unnecessary detail, much painstaking description of McLynn's versions of Jung's thinking, often oddly off-key, and a great many unsubstantiated value judgments, almost invariably to Jung's disadvantage. We are taken through the important early work in Zurich on schizophrenia, the row with Freud, the visit to East Africa, the psychological crisis during the first world war, the Sabina Spielrein episode

(a dormant erotic volcano), the Toni Wolff relationship, the interest in alchemy, the sneer of anti-Semitism, and, in an overly hostile chapter, the outrageous slander of

**CARL GUSTAV JUNG: A BIOGRAPHY**  
by Frank McLynn  
Dutton Press £25, 624 pages

alleged collaboration with the Nazis. And so on and so forth.

Again and again McLynn returns to his prurient fascination with Jung's sex life. He was, we are assured, "a compulsive womaniser" who felt himself "doomed to promiscuity" and married Emma for her money before imposing on her a "ménage à trois with Toni Wolff".

The crass comment is that Jung destroyed both Emma and Toni. Still worse, "evidence is thin as to what exactly Jung got up to in the fleshpots of Paris...". One can sense McLynn's disappointment.

We are told that all this can be laid at the door of Jung's mother, just as his "struggle with God" was a rejection of his father. Small wonder that when McLynn mentions the Jung Papers, which have still not yet been released and whose content nobody knows, he assumes that they contain principally "the names of Jung's many unknown

mistresses". Jung would have pointed out that such speculation points to the fantasies of the speculator: as he wrote, "One sees best what one sees oneself."

Perhaps all this can be laughed out of court, but we should not forgive the unceasing denigration of Jung, about whom the best the biographer can conclude is that he should have come clean and admitted that he was a prophet, not a scientist or a scholar. The long description of the struggle with Freud and with Vienna is reported with an open bias to Freud (who described his chosen heir as "a flaccid fool and a brutal fellow" and who wrote, in 1914, "so we are at

last rid of them, the brutal sanctimonious Jung and his disciples").

*Symbols of Transformation*, the massive, ground-breaking book which inspired Thomas Mann, Kerényi, Eliade, Campbell, and all subsequent students of mythology, is dismissed as "a madcap foray". *Memories, Dreams, Reflections*, the late autobiography, is mentioned only briefly, and rubbished. The concept of synchronicity is described as "a turgid bouillabaisse" (a meaningless metaphor). Jung's undeniable genius as an analyst is summed up as "notably erratic and explosive". Even the exuberance and charm of the man, which everyone who met him remembers, are denigrated.

McLynn writes at one point that "everything Jung said about Freud and his theories was distorted, exaggerated or unhelpful...". That sums up very well what McLynn has to say about Jung.

## Homage to a wanderer's eye

Nigel Spivey on the paradox of Bruce Chatwin, nomad, writer and connoisseur

He had, as they say, "a good eye". Some slyly allege that it was his looks that secured him precocious promotion at Sotheby's. But Bruce Chatwin's powers of observation and discrimination were surely the basis for his literary achievement.

At worst his attention to detail seems a pseudo-pedantic gloss of name-dropping. At best, the predatory gaze yields a prose that is both precise and surprising. Few modern novels reach the clarity of narrative that Chatwin displayed in his 1982 masterpiece, *On the Black Hill*; posthumous hooverings of uncollected ephemera, then, are entirely to be expected.

This present homage is smaller than Chatwin's own selection of his journalism and minor pieces, *What Am I Doing Here*, published just after his death in 1989. Scraps of autobiography are nicely mixed with stories and essays, and there is also the text of a lengthy synopsis for a book, considerably preserved by its recipient Tom Maschler. "On nomads", of course: this new collection may revise the impression that Chatwin was a latecomer to writing, but it confirms nomadism as his obsession.

His first conscious line of literature, he tells us, came at the age of six: "I am a swallow". Though he then got stuck on how to spell "telephone wires", it was a highly appropriate opening for someone whose soul must have been inherited from a bird with migratory habits.

Reading this book near one of Chatwin's places (Mount

Athos), and watching the swifts over a pool tirelessly swooping for nutritious superficial specks, I mull on the paradox he presents once again. Here is a man apparently footloose, a man who held to the faith (as phrased by Thom Gunn) that "one is always nearer by not keeping still"; and who registered very clearly the sentiment of being over-burdened with possessions (specifically, Chatwin notes that he came to despise his work at Sotheby's after

**ANATOMY OF RESTLESSNESS: BRUCE CHATWIN, UNCOLLECTED WRITINGS**  
edited by Jan Borm and Matthew Graves  
Corgi £15.99, 205 pages

trekking through the Red Sea hills with a local guide whose equipment for life was "a sword, a purse, and a pot of scented goat's grease for anointing his hair"). Yet he was always a proper connoisseur of objects d'art, who well understood the collector's passionate fetishism. His shoddy around the world were not mind crevices, but beautifully furnished places. How does one reconcile this paradox?

The answer is not really forthcoming from the author, though he speaks of the virtue of periodically shedding one's possessions. His big book on nomads, as outlined to Maschler, never materialised as such: not because it emerged piecemeal (thus *The Songlines* of 1987), but rather because it

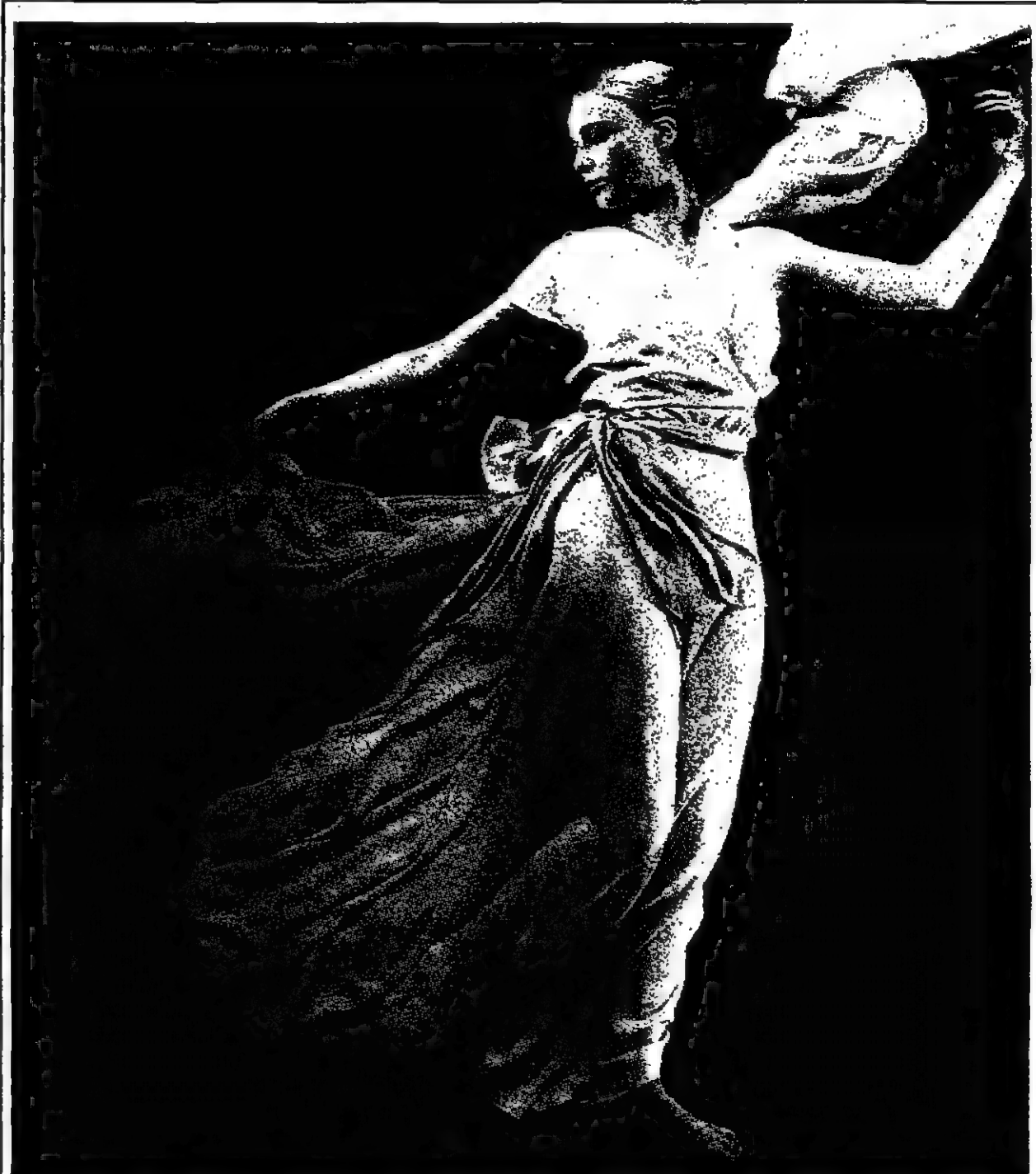
would have seemed too much of a self-contradiction. Nomads do not carry tonnes. Books do not furnish a tent.

The problem lies with Chatwin's analysis of "restlessness". He studied archaeology for one year: not long enough to appreciate that archaeology does not reveal a universal human trait of needing to move.

Of course there are pastoral peoples and itinerant sub-groups. And by extending the sense of the term "nomadic", it can be stretched to accommodate tourists and refugees. With studied irony, the protagonists of Chatwin's miniature epic (two pages) entitled "Bedouins" are Jews.

But neither archaeology nor evolutionary biology demonstrates nomadism as a primal stage of existence. True, when Odyseus describes this or that people as "bread-eating", he means that they have become civilised by deserting pastoral in favour of arable agriculture - thus staying put in settlements rather than switching from one grazing ground to another. But plenty of Stone Age peoples around the world had long ago discovered the pleasures of a fixed domicile. There was never any Golden Age of human restlessness.

Did Bruce Chatwin ever live out of a dormobile? Of course not. How horrendously vulgar that would have been. Accepting his paradox, however, we may still enjoy the noble quality of his writing. If nothing else, it is proof that the contents of the Sunday colour supplements need not be one hundred per cent cretinous.



A bas-relief of dancing nymphs in the Louvre was the inspiration for this fashion photograph which appeared in Vogue in 1991: from a tribute to the designer Vivienne Westwood and Hudson £12.95, 90 pages, part of a series which includes studies of the work of Saint Laurent, Dior and Chanel

## In tune with the solitary life

Anthony Storr considers the role of anchorites through the ages

Two opposing drives operate throughout human life: the drive for companionship, love, and other forms of interaction with our fellows, and the drive toward being independent, separate, and autonomous. In recent years psychiatrists and others have so over-emphasised the importance of interpersonal relations as the principal source of human happiness that the insights and rewards of solitude have been underestimated. Peter France, a committed Eastern Orthodox Christian, and spends much of his time on the island of Patmos, which for 1,000 years has provided a refuge for hermits. This book is an engaging, selective résumé of the sayings and teachings of hermits down the ages, from ancient Greece to modern times.

The Desert Fathers were so ridiculed by Gibbon in his famous chapter on the pro-

cess of the Christian religion in *The Decline and Fall of the Roman Empire* that their virtues have been overlooked. Some may have been masochistic exhibitionists, but others developed, in their solitude, a uniquely subtle awareness of human psychology. This observation may explain the apparent paradox that ascetics who had withdrawn from ordinary human concerns were much sought after for advice about personal problems in living. Solitude was not recommended as an escape, but as a means for attaining insight. As one father said: "It is better to live among the crowd and keep a solitary life in your spirit than to live alone with your heart in the crowd."

Some of the most interesting successors to the Desert Fathers were to be found in Russia, where a middle way between total solitude and community living became established as the *skete*. This consisted of a group of predominantly solitary hermits who lived close enough to come together in communal worship. Optina Pustyn near Moscow became the most famous *skete* in Russia, and Ambrose, its most renowned star, or spiritual leader. Both Tolstoy and Dostoevsky consulted Ambrose, who is said to be the model for Zossima in *The Brothers Karamazov*.

In the 18th century, hermits became so fashionable that a country gentleman might build

a hermit's cell in his grounds as a kind of spiritual folly, and then advertise for a hermit to occupy it. Did not thought that solitude depraved men, but

**HERMITS: THE INSIGHTS OF SOLITUDE**  
by Peter France  
Chilton & Windus £16.99, 240 pages

Rousseau set a fashion for the solitary contemplation of Nature.

Some people are attracted by solitude because they feel that they can only be their true selves when they are alone. Henry Thoreau, author of *Walden*, seems to have been in this

category. Peter France might also have quoted Jung, who built himself a retreat at Bollingen on the shores of the lake of Zurich in order that he could discover his own inner truth without being distracted by others.

Peter France touches briefly on the Eastern tradition, choosing as his example Sri Ramakrishna, described by Nehru as "completely beyond the average run of men." I am sure he was, but the interesting thing about his apophoristic sayings which Peter France quotes is their close resemblance to the teachings of Christian mystics. How refreshing it is to find a teacher who says: "It is not good to feel that my religion

alone is true and other religions are false. The correct attitude is this: 'My religion is right but I do not know whether other religions are right or wrong, true or false.'"

The world would have been saved from much bloodshed if all believers had been so tolerant. Hindu philosophy has always treated retreat from the world as a natural last stage of life; so much so that some authorities drew up rules for hermitic existence. Many the legendary first man and lawgiver in the Hindu tradition, laid it down that hermits should not have to pay tolls at ferries. However, I was delighted to discover that, "For secret converse with female ascetics, a small fine is

payable." The book ends with extracts from a journal and an interview with Robert Lax, an American poet who has lived on Patmos for 30 years. He chooses solitude because he can only work as a poet when free from worldly distractions. Lax believes that enlightenment is "to know what one is doing." His central endeavour is to discover "the spirit of peace" within himself.

Let me confess a personal interest. I was drawn to this book because a few years ago, I wrote a book called *Solitude* in which I tried to explore the relation between solitude and creativity. I wish Peter France had written his book before mine was published. I should certainly have drawn on his observations and his quotations from some of the great hermits, which are as relevant to the human condition today as when they were first uttered.

## Celebration of a man of action and a man of letters

It is more than 30 years since Henri Troyat's life of Tolstoy was first published, but of all the lives of writers that have appeared since then I cannot think of one that is more readable (losing little from its translation into English by Nancy Amphoux), nor one that does greater justice to its hero or heroine.

Troyat had several advantages in setting about this mammoth task. To begin with he was Russian, born Lev Trassov, but educated in France where he wrote his books - fiction, biographies, historical essays - in French. In 1938 he won the Prix

elected to membership of the French Academy. Like Tolstoy, he is novelist of the broad canvas whose novel-sequences take in whole societies, comprising family life and political upheavals in Russia from the 19th century to the Revolution, and French family life through an equally eventful period.

Troyat brought all his talents and energy for the creation of a recognisable fictional world to the manifold realities of Tolstoy's life. He adopts a rigorous narrative structure, treating that long life as a series of linked episodes within a historical context. It would, I think, be possible to tackle this

biography without having read a word of Tolstoy and still find it utterly absorbing.

This is not to say that Troyat neglects Tolstoy's voluminous writings at the expense of the outward march of events. On the contrary he deals in full with both the major and the minor works, the spiritual outpourings as well as the novels and stories. He is careful to locate those characters and passages in the fiction where Tolstoy is drawing direct from life.

For instance, in *Anna Karenina*, Levin's attempts at social reform on his estate reflect those of Tolstoy, on account of which he suffered so much obloquy from fellow

members of the ruling class. "He shamelessly attributed [Levin] the events of his own life, fed him with his ideas, the books he read, his own blood," writes Troyat. But the analysis and linkage never seems extraneous to the human drama that is unfolded.

Of all writers Tolstoy most thoroughly combined being a man of the world and man of action with being a man of letters. Like Proust, he could when he wished become a hermit of his study for long spells of concentrated work, but outside of it he led so many other lives as well, all of them full of risk and danger. In his youth he was a scoundrel fatally addicted to gambling,



He took as his mistress a peasant woman on the family estate who bore him a child. Then he became an army officer and saw service against the rebels in Chechnya: "The most dreaded of the Caucasian tribes". Plus ça change... It was this military experience that induced Tolstoy to put on record what he had observed in the field in the form of a novel and thus enter the realm of literature as an author.

rather a comedown in those days for a Russian count. Afterwards, there are Tolstoy's adventures in high society to which he had access through his noble blood; his travels abroad, love-affairs and rejected proposals to various women of his own class, until he finds his wife in the adoring Sonya; and with her as Countess Tolstoy, his *chickadee*, he puts in order the family estate of Yasnaya Polyana. As a wedding present he gives her the diary he kept while sowing his wild oats.

Horrendous reading for a chaste young woman. Fruitful years in both children and writing follow, culminating in *War and Peace*. His wife, happily for her and luckily for him, combines the maternal with the secretarial role. Their habit of writing long letters to each other after a violent quarrel is a gift to a biographer of which Troyat makes frequent use.

Then comes the emergence of Tolstoy the great novelist, friend of Turgenev, an object of homage and pilgrimage, the

Tolstoy who comes to the conclusion that property is evil and who decides to donate his copyrights to the Russian nation - much to the horror and resentment of Sonya, whom he turns against in his ascetic old age.

This is by no means all. Yet it is futile to try to summarise any more. Instead I urge you to read this book if you have not yet done so. Be warned: it is more than 900 pages, but I shall be surprised if you come across a single dull one.

Explorers such as Wallace, on the other hand, sounded particularly modern in highlighting the vulnerability of the Papuans to colonialist exploitation. Whereas Darwin had seen only savages, several of his scientific successors saw idyls of enlightened behaviour among the cultures they visited, in stark contrast to the low morals of Victorian industrial society. Others simply chose to escape. My favourite is Charles Waterton, author of *Wanderings in South America*, who, "seduced with an unconquerable aversion to Pica-dilly", went and lived happily with the Orinoco Indians.

Mark Archer

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## ARTS

# Natural modesty of the true artist

Roger de Grey's work is in the best tradition of 20th-century British painting, writes William Packer

Roger de Grey died unexpectedly after what was supposed to be a routine operation early last year. He was 78, and barely 18 months into his retirement from the presidency of the Royal Academy, an office which he had filled with conspicuous enthusiasm and distinction since 1984. But all office has its drawbacks, and while his term had secured the academy's continuing development and expansion, and a number of remarkable exhibitions besides, his absolute commitment to its cause, though worn with so light a wit and grace, had largely kept him from his own work. It was indeed no minor triumph that he managed to go on painting to the extent he did.

For he lived to paint, and it would be the saddest mistake were the public man - Sir Roger de Grey, KCVO, FRS - however distinguished, be remembered at the expense of the working artist he really was. This current show, the first proper retrospective of his life's work, beautifully mounted in the academy's fine Sackler Galleries that are the monument to his presidency, comes, therefore, as a most salutary corrective.

The strength in depth of British painting throughout the 20th century is an understatement, the more so given the general received opinion that ours is an unvisual nation. We look for novelty - the bright young thing, the rising star - to our cost, forgetting the broader and mature tradition from which such things spring. De Grey, nephew of the painter Spencer Gore, was born into that tradition, founded in the cosmopolitan British response to European painting at the turn of the century, sustained in turn by Sickert and his circle of the Camden Town Group, and then by Bloomsbury and the Euston Road School between the wars.

It was the staple of the English art school system until the liberal reforms of the 1960s gradually threw it away. To walk through this show is to get a real sense of what was lost, registered still in technical accomplishment and commitment, but above all in the natural modesty of the true artist, unselfconscious in his absorption in material and subject, whether it is the model in the life room or the farthest landscape. It may seem a far cry from the allotments of Jeonmond in Newcastle, where de Grey was teaching as a young man just out of the army after the war, to the high, wide views across the reclaimed salt marshes of the Charente-Maritime near Royan, that were the magnificent product of the last summer of his life, but the hand, the sensibility, the interest are recognisably the same.

De Grey has sometimes been put down condescendingly as a pale follower of Cézanne - which is rather like blaming a bishop for taking notice of St Paul. There are few modern painters of landscape, with green, brown and blue on their palettes and a concern with formal spatial structure, of which the same could not be said. The truth is that de Grey was too intelligent and curious an artist to be anyone's slave, and a close look at his work will always give the lie.

Of course he was interested in Cézanne, as we are all, but he brought to that influence a fluency and soft fullness in the modelling that was quite his own. At Jeonmond he was looking perhaps to Seurat and Pissarro. At times to mid-career it might well have been de Stael. With those last majestic landscapes, his long-standing admiration for the American Richard Diebenkorn is evident. But in none of these



Always his own man: 'Marques Canal Morning', 1980, by Roger de Grey

things is de Grey anything but his own man. In common with so many artists of his generation, de Grey followed a long parallel career as a teacher and, in common with so many, suffered by it, though not necessarily in terms of commitment, satisfaction or frustration. Rather it is that we are ever

too anxious to celebrate the young, looking always to the pupil before the teacher, and it was his and his colleagues' look at the Royal College in the 1960s and early '80s, to bring on a vintage crop - Peter Blake, Auerbach, Richard Smith, Brady, Kijal, Hockney and so many more.

The point is not that those younger artists did not deserve their success, but rather that the assumption that seemed to go with it, of a concomitant rejection of the old-fashioned and irrelevant, was grossly unfair. It is a show such as this, the retrospective that de Grey was never to enjoy in his lifetime - Hockney's first came before he was 10 years out of

college - that confronts us with our prejudices and myopia. Good painting is good painting, and to be seen as such where, when and whatever it is.

Roger de Grey: Sackler Galleries, Royal Academy, Piccadilly, W1, until September 28; sponsored by Harpers & Queens and Premiercars.

Radio/Martin Hoyle

## Different sorts of digging

When BBC radio and television are united in one vast characterless, inchoate, Kafkaesque production line, I hope it is radio's news standards that will dominate. This thought is prompted by a slovenly and shallow item on television's *Newsnight* last week dealing with the return of the Stone of Scone to Scotland.

The camera dwelt lovingly on Holyrood House while the narration talked of Edinburgh Castle. Stirling was identified as the scene of William Wallace's execution (it was London where a monument is often decorated by his admirers). And Arbroath prompted jockey references to smoked haddock from a presumably bored and patronising London-based team who had never heard of the 1320 Declaration of Scotland's nationhood. The item's ignorance and sloppiness intensified fears for the serious part of the BBC now targeted by John Birt's tabloidisation.

In contrast, radio has had a good week. Who is the Compost Queen of Herefordshire? This is how Sir Roy Strong recently termed his possibly loving wife, the distinguished designer Julia Trevelyan Oman, in *Growing Spaces*. I shall ruminate on the implications when I next admire her abundantly detailed sets for Covent Garden's *Bohème* or *Flaendern*.

This is one of the rash of gardening programmes whose popularity makes me wonder how many listeners are down rather than armchair fanatics, like the under-entertained who are glued to sports programmes and those who shovel down fast food while never missing cookery programmes. A gem of the genre was Sunday's *Into the Garden* (Radio 3), where the RT's Robin Lane-Fox showed that the word "academic" (he is a classicist at New College, Oxford) does not preclude the practicalities of planning a garden to take in the effect of colour and texture against old masonry.

Digging of a different sort was dealt with briskly in the opener of Radio 5's new series, *The British Way of Death*. "Hello, I'm Claire Rayner," announced the presenter, adding that she was here to discuss "the great unmentionable". Actually the programme was packed with information. You can bury your dead anywhere you like. DIY funerals are catching on. Dorothy Tutin revealed that Eric Porter's ashes were put in a rocket (pyrotechnic, not space). A nurse at the London Light House hospice waxes Maria Callas and "Ding-Dong the Which is Dead" at his funeral ("That is one smashing fella" cried Ms Rayner in the BBC's new populist vein) and there is even a funeral supermarket in Walthamstow.

A Lancashire vicar refused the words "dad" and "grandad" on a headstone: the Church of England Council for Care of Churches prefers wording that is neither "eccentric nor sentimental". So not for eccentricity or sentimentality, why does anyone adhere to the Church of England?

Next Sunday's instalment deals with bereavement and mourning. It is fascinating to hear ordinary people putting

into everyday language sentiments crystallised by poets, notably W.H. Auden, Jewish and Asian traditions have the equivalent of wakes. In Belfast in the hungry 1980s, strangers would read the deaths column in the local paper and pose as relatives for the funeral baked meats (well, tea and sandwiches) - "a dodge for getting a night's craic".

The stuff of life is of course food. Wednesday's *Grub's Up* was a gingerly absorbing reminder that 80 per cent of the animal mass on earth is made up of insects. There are 30 million species, of which 90 to 95 per cent are edible. And to prove that this is not confined to primitive peoples in rain forests, the long-suffering Joanna Pincock went on a nature ramble with someone called George from Oxford University Museum, collecting such edible dainties as slugs, crickets and woodlice. The latter, he attempted to measure her, are related to crabs and not really insects at all.

He later stir-fried the fruits of their gambolling with onion.

Stop pulling faces and eat up your locusts. They are good for you

garlic, curry paste and coconut milk while the dour lady Pincock, who really eats her money, made comments of glassy-eyed brightness. A lady named Tracy who runs a pub called the White Hart (its location discreetly unspecified) now serves her regulars with locusts along with their Newcastle Brown. "We get some sensible suggestions, sometimes," she said cryptically. In fact the protein and vitamin-rich insect world should be the answer to many of the planet's food problems; but already in Africa the locusts are abandoning this diet as a result of westerners' disgust. So stop pulling faces and eat up your locusts. They are good for you.

A shame that post-war austerity Britain did not exploit the food value of the marching horde of caterpillars that invaded Aberlory on July 10, 1948. On *This Day* is a daily record of how we lived 50 years ago. Neville Heath was arrested for two murders. The Americans tested new bombs in the Bikini Lagoon. The British Housewives' League, led by "viceroy's wife and food crusader" Mrs Lovelock, led a revolt against bread rationing. Poland requested 4,000 cats from the UN to combat a plague of rats and mice. Women's hats and fashionable trimmings were made from carpets, rugs and bath mats. Interviews with survivors, film sound-track and readings, hosted by the excellent Geoffrey Wheeler, annoy only by their lack of identification. Whence, for instance, the advertising jingles, especially the wool commercial advice to "ladies, knit your own knickers". Three ounces for knickers, four for cam-knickers. Dear dead days, when an American statesman said Britain was bankrupt but "morally magnificent". What do they say now?

Television/Christopher Parkes

## Hello, Mr Chips

The ability to watch television and word-process at the same time - courtesy of the convergence of the products of California's dream and DREAM factories - will bring a new immediacy to the craft of television reviewing.

Thesaurus-thumbing and old-hat contemplative word-mongering in the wee small hours will be dispelled. Gut reactions will prevail in the instant review. Bile and blessings will spill readily into the keyboard. With a push of the "send" button they may be sprinkled through cyberspace and onward into your breakfast-table newspaper.

Cool stuff, this convergence, according to Avram Miller, the grizzled brainbox who dreams up new applications for chips at Pentium-maker, Intel. And if it does not work out like that, who cares?

Think of the homemaker who may want to watch the afternoon horse racing, place a bet via the Internet, and cook supper from an on-screen recipe. How about working on a spreadsheet while eyeing the progress of a football match on channel number 3597? That was the example Miller wheeled out before a

bunch of grumpy Hollywood TV executives the other week, defying them - unsuccessfully - to have him tarred, feathered and shipped back to San Jose.

After all, he proposed (and I paraphrase), did not the common ability efficiently to eat supper, read the newspaper, kick the cat and watch TV all at the same time demonstrate the limitless adaptability of the content consumer?

There are as many scenarios for the future of television as there are chips in Silicon Valley. And all of them depend on what many see as the inevitable fusion of the personal computer and The Box into a composite multimedia device which by rights should be known as the PWC.

The "content" as we experts call it, will be piped in, 400-odd channels at

a time, via satellite, cable, microwave transmitters, and the household electrical wiring. As well as routine audio-visual material, it will include two-way Internet and database access, phone calls, e-mail. Anything which can squiggle into digital form.

The secret of squeezing additional data onto the screen lies in the blank bands which scroll - usually unseen - across the picture. They represent unused frequency. In the US at least, each of the dozen lines in each "vertical blanking interval" can carry almost 10,000 bits of information.

At the risk of pressing the reader's turn-the-page button with such techno-chat, this is a lot.

It is the secret behind Intel's Internet gizmo which will appear in new Compaq computers next week, probably adding no more than 5000 to the cost of a multimillion-dollar machine. Intel has enabled MTV, the

popular music network, to launch a new 24-hour pop channel for US computer owners who want simultaneously to watch music videos, and through on-screen links to the worldwide web, check tour dates, chat online with other fans, and - wait for it - buy videos, CDs and concert tickets.

With powers such as Viacom, owner of MTV and Paramount Studios, the NBC television Cable News Network joining the Intel party with varying degrees of commitment, it seems clear the renaissance of home viewing entertainment is gathering momentum.

So why the grumpiness among Miller's audience, which should surely be pleased at the prospect of unprecedented volumes of bandwidth

to accommodate their product? The not-invented-here syndrome is common in artistic/creative Hollywood and may play a part. The strong rivalries between pragmatic northern and flaky southern California should not be under-rated.

But probably the most telling component in the mix is the programme producers' sentimental attachment to old technology and the fond notion that the PWC can never be because watching TV is a family thing, and PC use is a solitary vice.

Not so, say the web crawlers. Sampling has shown that many viewers enjoy the ability to watch and "interact" together. Surveys of web activity taken during showings of soap such as *Melrose Place* - popular with young people who dominate the net-surfing community - show hits on the show's web sites and activity in associated "chat rooms" actually increase when the programmes are on air.

Watching the box as a member of the virtual community is virtually upon us. And anyone out there who still thinks of viewing as a pursuit for families should ask a 20-year-old modern jockey or, better still, a television reviewer.

Ballet/William Deresiewicz

## Dancers to die for

One often felt during the parallel seasons of American Ballet Theatre and New York City Ballet this spring that one was watching two mediocre organisations that, between them, possess the strengths of a single fine ballet company. One, ABT, has superb principal dancers but a very spotty repertoire. The other, NYCB, has a magnificent repertoire but few dancers of real distinction.

I will report on NYCB at a later date. As for ABT, its acquisition of brilliant performers has been remarkable of late, outpacing even its acquisition of dull choreography. The last couple of years have witnessed the ascent of not one but two young lions such as usually come along about once a decade. Paloma Herrera and Angel Corella, both 30, share prodigious gifts of vivaciousness, vitality, and love of the stage. Together - and ABT puts them together whenever it can - they induce hysteria in normally sedate adults.

Corella, a thickly muscled Spaniard, has impeccable bravura technique: the buoyancy

that gives a leap or jump that freeze-frame quality of mid-air suspension, the explosive energy and precise anatomical placement that allow for eight or ten pirouettes at a go. Herrera, the precocious beauty who leapt to stardom two seasons ago, is simply exquisite. Instinctively dramatic, inexhaustibly lovable, she shows us what the poets mean when they speak of nature perfected by art. Seeing Herrera dance is like watching water pour - a flowing shape that is ever changing, ever clear.

The two more mature stars among ABT's recent arrivals present a study in contrasts. Vladimir Malakhov, the ultimate in cool hauteur, often seems to dance not so much in a ballet as above it. His long, elegant, sensitive legs make him ideal for the cavalier roles in Kenneth MacMillan's *Romeo and Juliet* and *Manon*, with

their abundant and inventive vocabulary for the lower body. Jose Manuel Carreño is every bit as marmoreal as the sound of his name suggests and every bit as passionate as his Cuban birth would lead one to suppose. What one cannot anticipate is his sweetness -

Herrera shows us what the poets mean when they speak of nature perfected by art

his gentleness, his solicitude, his vulnerability. Though he is rather too diffident an actor in gestural passages, his unusual combination of qualities enables his dancing to embody a wide range of emotions. In *La Bayadère*, he matched the

monumentality of his great Russian partner, Nina Ananiashvili. In Balanchine's *Apollo*, his candour thawed Susan Jaffe's icy self-consciousness.

Even the finest male dancers pick their way through *Apollo* with the care of a sapper. Its unorthodox shapes and spare, segmented phrasing demand the utmost precision. Of the men who performed this new addition to ABT's repertoire - and they included Malakhov and Julio Bocca, the company's senior male star - only Carreño really made it into a dance. Rarely does one see these steps rendered with such clarity or with such continuity across the most difficult transitions. His duet with Jaffe was a triumph: by turns grave, playful, tender, reverent.

Aside from *Apollo*, one of the workhorses of the international repertoire, ABT has

lately mounted a long string of undercooked story ballets and overblown contemporary works. *Cinderella* returned to the repertoire this spring in Ben Stevenson's 1970 staging. The production begins promisingly, with a first scene loaded with broad humour and the kind of precisely imagined, skilfully realised dramatic detail so often lacking at ABT. The ballet as a whole, however, contains very little that one would actually call dancing, and the stage business gets rather tiresome after a while.

Like so many other successful American designers, Twyla Tharp has turned her name into a brandmark. It is to be understood, of course, that the product offered - under strict control for safety and reliability - bears no resemblance to the cheeky, eclectic work with which she made her reputation. ABT, having purchased

three Twylas in quick succession, can now offer an entire evening of turgid, elephantine athleticism. One of the signs of true backwardness is its indifference to decorum - in other words, its knack for generating bathos. *The Elements*, Tharp's latest, deals with the evolution of cosmic order out of primordial chaos.

What Jiri Kylian's *Stepping Stones* deals with is anyone's guess, including, I'll bet, Jiri Kylian. Scouring the world for new work, the ABT management hit upon this chile piece of absurdity (created for the Stuttgart Ballet in 1991), apparently charmed with the idea of watching the likes of Carreño, Herrera, and Jaffe manipulate plastic rocks. Surely such a collection of stars has been assembled for a better purpose.

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## ARTS

## Pieces of silver and gold

Antony Thorncroft on the winners and losers in the lottery game; and an avant-garde entrepreneur

At the last minute Lord Rothschild, chairman of the National Heritage Lottery Fund, redeemed himself – and the Thomas Becket casket will stay in the UK. A year ago the owners of this late-12th century Limoges reliquary, the British Rail Pension Fund, which bought it for £462,000 in 1979, offered it to the British Museum for £1.5m. The impoverished BM could not raise the money from heritage sources. Last week Lord Rothschild bought it at a Sotheby's auction for £4.15m. On Thursday Rothschild announced that he had matched Thomson's bid and the casket would appear soon at the Victoria & Albert Museum.

What lessons can be learned from this expensive saga? The most obvious – that museums should be given more money for purchases – is a non-starter. The second, that the Heritage Lottery Fund should be bolder about acquisitions of art and more prepared to face down the abuse of the tabloid media, which will always criticise it for giving money to toys to keep treasures in the UK, seems unlikely to be taken on board. To save the casket, Rothschild put on his other hat and provided £2m from his own pocket.

Between these three ageing people is Strindbergian, and is shot through with perceptions that are worthy of Freud. The play is given here in a new English version by the National Theatre (where Vanessa is making her debut, forsooth), there is also some first-rate playing of supporting roles. But the real triumph is the play.

Since John Gabriel Borkman, a masterpiece seen too seldom on the British stage, is one hundred years old this year, this production arrives with perfect timing. (I write in the hour that follows the curtain's fall.) Eyre, directing, seems simply to efface himself in serving Ibsen and his cast. Though one can find fault with the performances given by the three great stars, one hardly wants to, because they pump all their intensely expressive intelligence into revealing this bold, bleak, enthralling play.

All of 19th century thought seems to enter into John Gabriel Borkman. The title character lives (and dies) a capitalist, in love with mining and investment. He has now become tragically isolated from life, a Napoleon-in-exile even in his own house, where his son Erik is estranged from him, and where he himself broods obsessively on the treacherous ingratitude of others and on his own return to glory.

The play begins with the return of Gunhild's twin sister Ella. She has loved him profoundly, before his marriage, and he once loved her more than life itself. Not, however, more than money, Borkman's great crime. Ella urges him to understand at last, that in sacrificing love for money, he killed her capacity to love others. And in this respect Ibsen seems to be mulling over the central theme of Wagner's *Ring*: the unnatural renunciation of love for gold.

The dualism between the two twins would be quintessentially Romantic were it not that these two have had the misfortune to grow old. And their controlling competitiveness has become more naked. Having vied for Borkman, they spend the first three acts vying for his son, a struggle in which John Gabriel eventually joins them. The black, rapacious struggle

uncontroversial National Heritage Fund, which now has little left in reserve from its £8m annual government grant.

The third is that the 25 per cent partnership money expected by the Heritage Lottery Board from institutions should be lowered if the items to be saved are of the greatest national interest.

In the end, Lord Rothschild had to squeeze the arms of the rich and famous to raise the extra £200,000 needed above the donations provided by the V&A, the National Art Collections Fund, and the National Heritage Fund. He is still squeezing because not all the money is yet in place.

But on the whole this has been a good few days for the heritage, thanks to lottery money. There was the £15.5m which helped bring the Gilbert collection of 1,000 pieces of silver and golden knick-knacks to Somerset House. There was the returning of the 2900,000 William

Kent tables to Chiswick House. There was the £5m which enabled the National Gallery to acquire its first Dürer this week, and plug an embarrassing gap in its collection.

Despite criticism, the only real heritage loss in the past year is the Fra Bartolommeo which went to the Getty in Malibu for £14m, although you can still see it for a few more weeks at the National Gallery.

The losers from all this activity are the salerooms, notably Sotheby's and Christie's. To give Lord Rothschild time to arrange a deal the heritage secretary Virginia Bottomley uncovered a little-known power which enabled her to put a temporary stop on exporting the casket. Now the salerooms wonder if any owner will entrust an important work to auction in London if the government can suddenly discover a national interest and stop a sale to a foreign bidder.

Boilerhouse: not the most romantic

word in the English language, but powerful enough to brew up a row between Terence Couran and Alan Borg, director of the Victoria & Albert Museum.

For most of the century the

At the Victoria and Albert Museum, a row is brewing up over the Boilerhouse

boilerhouse was just that – the area at the back of the museum which kept it heated. Then in the belt-and-braces world of the 1980s, Sir Terence used the name for the space he funded and organised inside the V&A, in which he promoted good design before the Design Museum he created as a cultural crowd puller among his Thames-side restaurants came on stream.

Now the Boilerhouse rises again as the title the V&A has chosen for its controversial £42m new extension, a cubist fantasy designed by architect David Libeskind. Sir Terence is furious. He believes that the name belongs to him, especially as the V&A distanced itself over time from the Boilerhouse project. He wants the name dropped. But Borg is standing firm, arguing that the space on which the extension is planned was always called, well, the boilerhouse.

The unexpected has returned to 50 St James's Street, in the heart of London's clubland. This solid Georgian building was home to Crookford's scandalous "Temple of Chance" in the 1830s before sitting up for over a century as the Devonshire Club. Now it is, temporarily, a place of surprises again. Artangel has taken it over for its 1996 artistic happening. Until July 28 anyone is invited to

experience the Mexican artist Gabriel Orozco's imaginative interpretation of the Englishman's twin loves, games and rectitude. He has infiltrated the house with conceptual surprises, such as an oval billiard table in which a ball is suspended just above the surface, and a sepia model of London, in which the crowd is a forest of trees, as in Machetti.

This is fairly modest stuff for Artangel, whose most famous creation was Rachel Whiteread's concrete moulded

"House" in Bow, and whose most successful was Robert Wilson's sinister "EG" project in the abandoned cellars on the site of the Clink Prison in Newgate. Artangel has become the most fashionable coterie for the small but impassioned band of lovers of the avant-garde in art. Unlike other modernist groupies – such as the Tate's Patrons of New Art, the supporters of the trendy Serpentine

Gallery and the Whitechapel Group – the portmanteau entitled the Company of Artangel has no building to cluster around. Artangel invites a contemporary artist to create a work anywhere in the UK each year.

It is an expensive venture. The Arts Council and the London Arts Board are generous backers but Artangel is dependent on Becks, the beer brand, which has just promised £120,000 over the next three years if Artangel can raise matching money from its friends.

It should not be difficult. The Company of Artangel already numbers 60, each paying £300 a year to experience the thrill of the new. They include such grandees as Lord Rothschild and Lord Gower as well as major modern art collectors like Doris Saatchi and Jill Rithblat, and trailblazers Dave Stewart and Janet Street-Porter. The members not only get the satisfaction of patronage; there are exclusive parties with chances to network, and, perhaps of most appeal, a free limited edition work by the year's chosen artist. Whiteread's "House Book" is already valued at around £1000. Artangel director James Lingwood expects to expand the company to 100 in the near future but will probably cap it at 200. After that it would become almost vulgar.

Theatre/Alastair Macaulay  
Centenary triumph of Ibsen

To see Paul Scofield, Vanessa Redgrave, and Eileen Atkins act together would be a lure enough. And in Richard Eyre's new staging of Ibsen's *John Gabriel Borkman* at the National Theatre (where Vanessa is making her debut, forsooth), there is also some first-rate playing of supporting roles. But the real triumph is the play.

Since John Gabriel Borkman, a masterpiece seen too seldom on the British stage, is one hundred years old this year, this production arrives with perfect timing. (I write in the hour that follows the curtain's fall.) Eyre, directing, seems simply to efface himself in serving Ibsen and his cast. Though one can find fault with the performances given by the three great stars, one hardly wants to, because they pump all their intensely expressive intelligence into revealing this bold, bleak, enthralling play.

All of 19th century thought seems to enter into John Gabriel Borkman. The title character lives (and dies) a capitalist, in love with mining and investment. He has now become tragically isolated from life, a Napoleon-in-exile even in his own house, where his son Erik is estranged from him, and where he himself broods obsessively on the treacherous ingratitude of others and on his own return to glory.

The play begins with the return of Gunhild's twin sister Ella. She has loved him profoundly, before his marriage, and he once loved her more than life itself. Not, however, more than money, Borkman's great crime. Ella urges him to understand at last, that in sacrificing love for money, he killed her capacity to love others. And in this respect Ibsen seems to be mulling over the central theme of Wagner's *Ring*: the unnatural renunciation of love for gold.

The dualism between the two twins would be quintessentially Romantic were it not that these two have had the misfortune to grow old. And their controlling competitiveness has become more naked. Having vied for Borkman, they spend the first three acts vying for his son, a struggle in which John Gabriel eventually joins them. The black, rapacious struggle

between these three ageing people is Strindbergian, and is shot through with perceptions that are worthy of Freud. The play is given here in a new English version by the National Theatre (where Vanessa is making her debut, forsooth), there is also some first-rate playing of supporting roles. But the real triumph is the play.

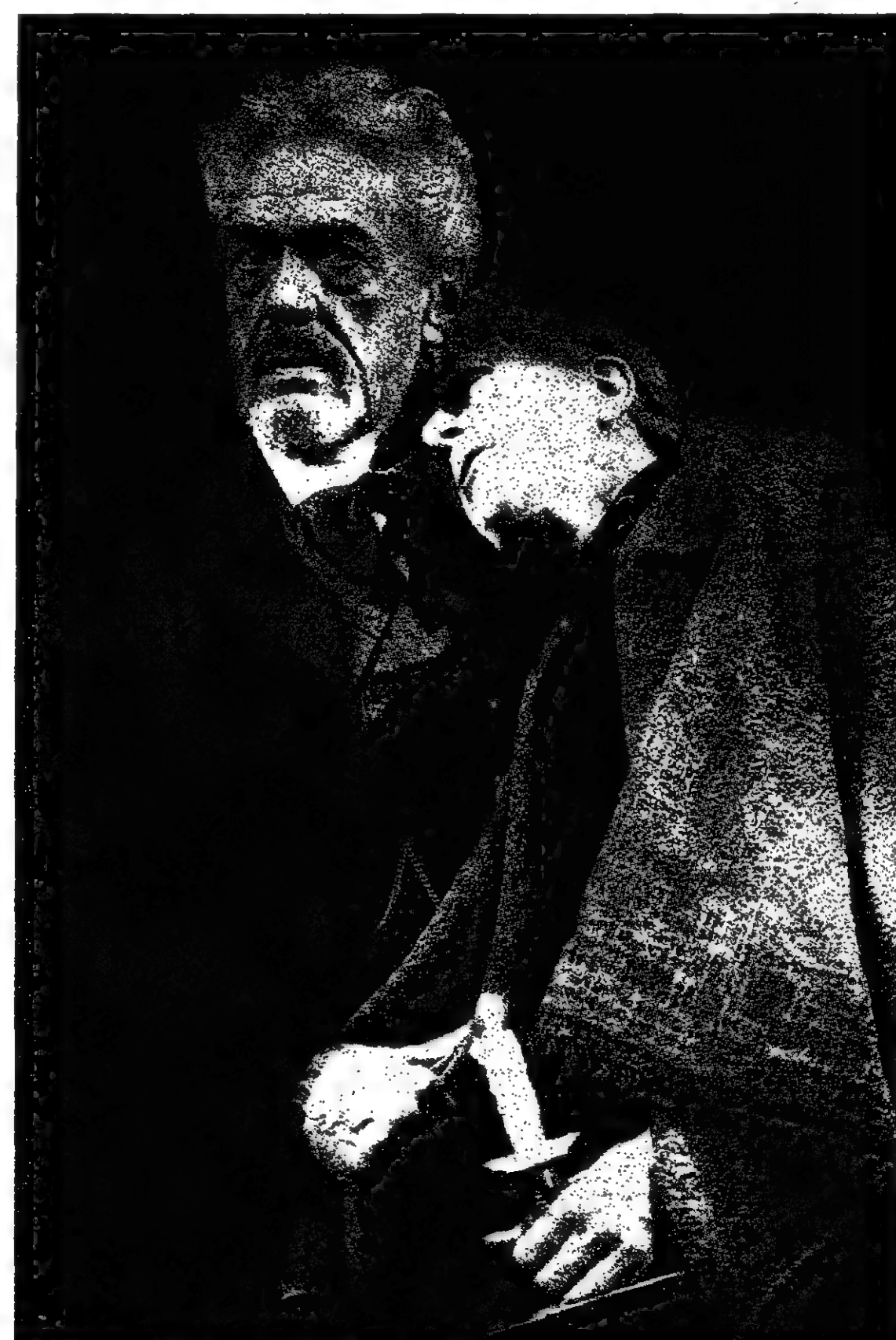
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Paul Scofield and Vanessa Redgrave in Richard Eyre's new production

## Dance to the future

The ballet of the Paris Opéra is grand and glorious – there is no more polished, more richly gifted ensemble in Europe today. It was not always thus. Even 25 years ago, the gifts seemed clouded by mannerisms, the out-dated system of rank within the ensemble, and fearful snoberies which meant that the upper echelons could object to dancing with artists of lower degree.

It was Rudolf Nureyev who galvanised the troupe, and determined that rank meant less than talent. Even today, promotion through the company depends upon examinations, with performance of bravura excerpts from the repertoire. But the spirit seems different, and the proud basis of schooling has been replaced by the work of Mme Claude Bessy, the school's director – given an added liveliness and allure to the youngest artists.

With the Nureyev regime, there came a welcome change each year for young hopefuls in the troupe to show their paces. These evenings of *Jeunes Danseurs* continue as an occasion for talent-spotting, which is an addictive habit with ballet audiences. And for the artists concerned, it is a moment to lay claim to public and professional attention. So, on Monday night, the current crop of aspirants was on view at the Palais Garnier, and impressive they proved themselves, despite a curiously uneven choice of vehicles for their talents.

There was no excuse for the opening *Cahiers 1830*, which purported to be a display of the classical exercises devised for the choreographer St. Leon by his father. They were ditch-water stuff. Nor did I take much delight in the three old Russian high-wire acts which followed. *The Ocean and the Pearls* is a trio – two girls, one boy – which calls for more scampering of the "dainty" Mouscovite Miss kind than is decent today. The *Fille mal gardée* (dust, from the venerable Moscow staging, is charming, and was brightly done by Geraldine Wiant and Alexis

Saranite, more elegant and finely articulated in style than most far-nada, even in ballet. The *Corsaire* duet really needs Russian temperament to make us believe in this outburst of fake lust, but I thought Marie-Agnès Gillot, elegant in line, easy in technique, a delight in it, and Karl Paquette a most intriguing slave: he is more noble in manner than is usual in a role that calls for human pangs and hot-eyed glances. M. Paquette looked as if he was slumming, which proves that he is an artist, too.

The *Agon* pas de deux was done with exemplary clarity

These evenings of Jeunes Danseurs continue as an occasion for talent-spotting

and splendid concentration – its eroticism is so potent because so controlled in Balanchine's steps – by Beatrice Mariel and Stéphane Phavorn, both of whom surely have splendid futures. In *Density 21.6*, a trumpet solo by Carolyn Carlson which I suspect shows a woman trying to remember where the hell she put the car keys, Céline Talon rose above every stupid action and revealed a fascinating physical personality: wait-like beauty, ravishing arms, pure line. (I imagined her as Giselle). And to close the programme *Amis*, Jacques Garbar's reminiscence about boyhood games with his brothers in La Rochelle. Two accordions; Jean-François Crétéaux, Cyril Fleury, and Alexis Saranite dreaming and leaping and looking splendid.

Not the greatest of evenings for choreography, maybe, but rich in dance pleasures, and proof, were proof still needed, of the qualities of the Opéra's ensemble and of the teaching in its school.

Clement Crisp

The vogue for dramatic adaptations of classic novels proceeds apace with versions of Austen, Brontë and Stevenson

## Fantasy in the Abbey

With stage and screen adaptations aplenty, Jane Austen fever continues unabated. Matthew Francis's version of her 1797 novel (published posthumously some 20 years later) carried an ungainly authorial prefix on its title – were we going to confuse it, perhaps, with Irvine Welsh's *Northern Abbey?* – but in fact works not at all badly.

This may be expected for, rather than just another exquisitely wrought miniature of the Georgian middle classes, this is Miss Austen's counterblast to the Gothic novel, with its breathtaking scenes, dank dungeons, nefarious plots and secret identities. Francis incorporates a few additional extracts from the novels of Mrs Radcliffe, author of *The Mysteries of Udolpho*, the Gothic tale which so fascinates Austen's heroine Catherine Morland.

Although these whisperings and shadows at first provide humorous insights into Catherine's fantasies, they paradoxically grow more and more unnecessary once she actually arrives at the Abbey in the second act; her final confront-

## The taming of Victorian Gothic

The first act, set in fashionable Bath, is prime Austen, aided by Francis's inclusion of a number of brief narrative passages, which both link scenes and retain the author's gently wry voice. When Catherine journeys to Northanger Abbey with the Tilneys, the deflation of her outlandish imaginings is handled nicely enough for the imaginary figure of Amette, the sinister maid, to feel intrusive.

Francis occasionally loses his touch when putting original words into character's mouths (did Jane Austen really make such liberal use of the adverb "amazingly"?), and cannot disguise that for all her skill at social dissection Miss Austen did tend to lunge incoherently towards perfunctory conclusions to her stories; but all in all the production remains true to the original author's notions of good taste and poise, nodding towards irreverence only when she herself poked elegant jibes at "horrid novels".

Victorian novel takes the narrative correspondence of the 18th century. It invigorates it within extravagant gothic sensibility and then turns it on itself to despatch us from the front-line of the tortured soul. Two such works are currently playing in Birmingham: the proto-feminist *Tenants of Wildfell Hall* by Anne Brontë (1848); the "profound duplicity of life" in Robert Louis Stevenson's *Dr Jekyll and Mr Hyde* (1886).

Dr Jekyll has an insatiable curiosity to delve into the dark recesses of human nature. Brontë's heroine, Helen, is forced to flee the insatiable sexual appetites of a self-centred man. Together, we get a portrait of a male code of hypocrisy and moral torpor, which subjugates women to men's willfulness (aka Victorian values).

Much is lost in translation. When dramatising novels for the public stage, a theatrical language ought to compensate for the loss of depth in

## The taming of Victorian Gothic

privately-read fiction. Lisa Evans' version of Brontë is dramatically inert. In filleting the dialogue, she also discards the skeleton of narrative tension and the guts of character motivation.

David Edgar, on the other hand, has a go by interpolating sub-plots into Stevenson. But their psychological motivation is reductive: an oppressive, dead father, manifest in a Dorian Gray-like portrait; a one-eyed sister who now lives in Dorsetshire; a maid impregnated by Hyde to whom Jekyll can confess all. They strip away the very subtleties and complexities – "the horror of my other self" – that makes Stevenson's story so integral to our collective psyche.

Anne Brontë infiltrates our conscience. She hopes to "whisper a few wholesome truths" rather "than much soft nonsense". Helen's self-exile in a desolate manor on the edge of society, delights "tea-table" tattlers. She is presumed to have "seen life". To be a fallen woman with a past. She is condemned for the very thing a

knowing community admires in a man: the "need to experience life and danger in order to become a man of the world". Brontë is fulsome in her irony.

He also dismisses the sentimental novel, the overblown gothic. Wilhelmina Hall is not haunted, just dilapidated. In Ruari Murchison's design, two huge oil paintings bookend the traverse stage of tarnished gilt-edged floor, a Regency *Joie de vivre* gone to seed. It is an intelligent mise en scene but director Gwendolyn Hughes fails to take the cue and the production plods along as a series of chapters rather than coherent gripping drama.

Murchison also uses gaudy-edged theatricality in *Jekyll and Hyde*; a false prosodum arch glitters above footlights, behind which a murky world of London backstreets reveals austere bachelor drawing-rooms (there is a clever double-revolve). You anticipate a hard melodrama. Bill Alexander's restrained

production does not have the courage of our convictions. While the 1991 RSC production of Edgar's previous *Jekyll and Hyde* curiously had two actors playing ego and alter-ego, David Schofield is now, properly, both: the diffident Edinburgh doctor transforms into a malevolent imp with Gorbals' gle. It is not as vivid a portrait as the frequent references to "peony dreadfuls" would intimate, but it is a performance of much-needed charisma.

Brontë's Helen is powerfully caught in a commanding performance by Janice McKenzie. Her voice broken by wear and tear, she provocatively espouses radical views on education, on raising children, on marriage. When she is on the verge of being raped by her husband, she protests with dignity: "You have no right" – he replies with a leer: "I have every right". That is the crux.

The ideas are challenging, the stories so compelling, the plays so slow-witted – that you find yourself eager to re-read

the novels. In failing to give a full-blooded response, theatre has, by default, reaffirmed the potency of literature.

Simon Reade

At the Birmingham Repertory Theatre and Studio until July 30 (0121 336-1525).

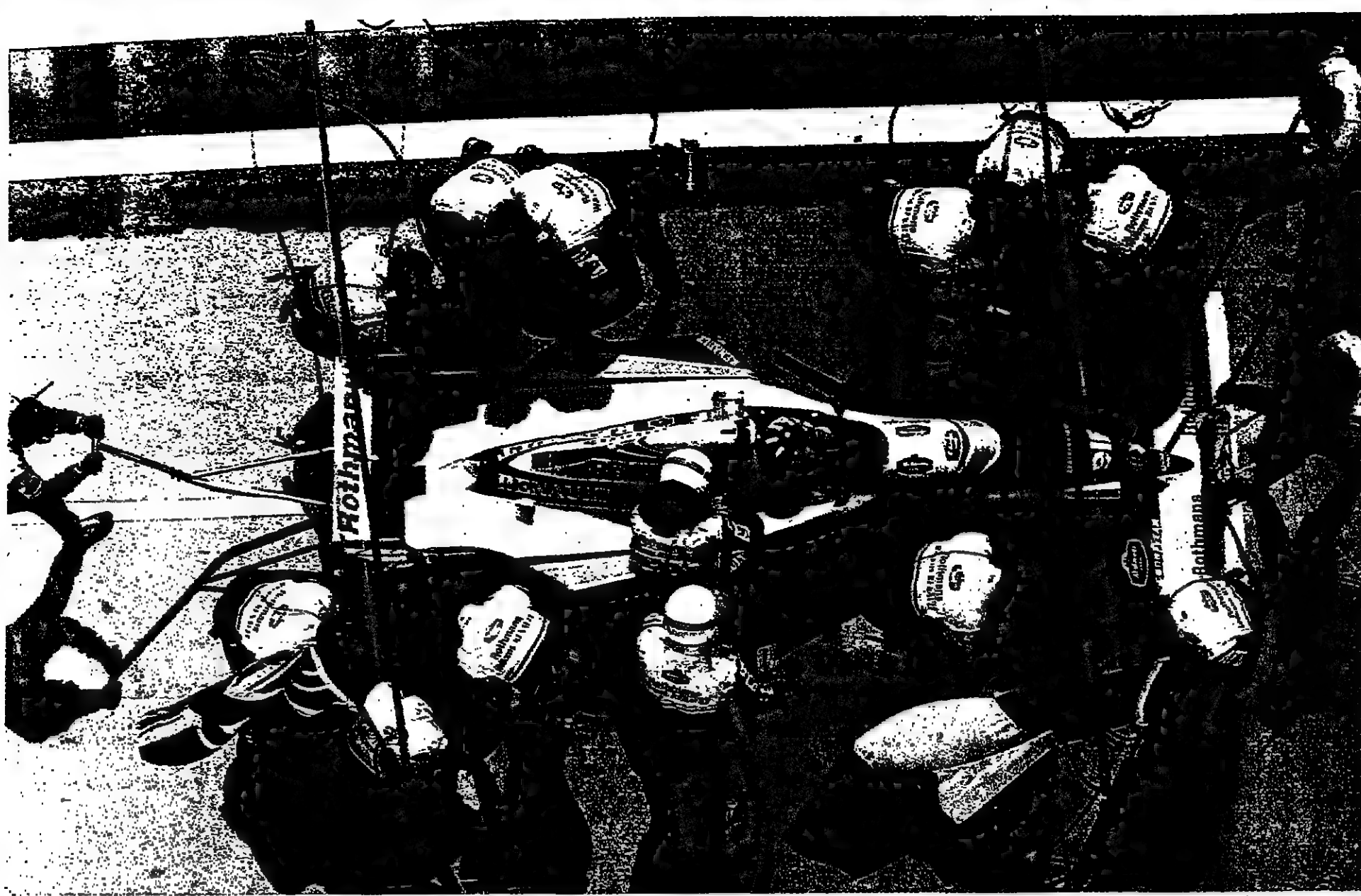
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مكتبة الأمل



## SPORT



Damon Hill and his dedicated and talented team would argue that they do not deserve the championship

## Motor Racing

## Why Hill deserves to win

John Griffiths hopes that Ferrari will give the Williams team a run for its money - at last

On Wednesday I should have been sharing a lunchtime lettuce leaf and honey-sweetened coffee with Michael Schumacher in London. Instead, our small but ridiculously fast reigning world champion was still in Italy, carrying out yet more last-minute testing before this weekend's British grand prix at Silverstone.

Desperation? Fury? Anguish? All spring to mind as likely descriptions for Schumacher's private state of mind, in spite of reassuring statements still made - through increasingly tight lips - in public.

For what can be said about one of the world's so-called foremost grand prix cars expiring, as it did last month, on the warm-up lap even before the French grand prix could start? Just one more "unexpected" failure to cap a string of component failures and other under-performances stretching back over this and other seasons - and thus far in 1996 rescued only spasmodically by the speed and dedication of the young German being paid \$25m as pilot.

It is now increasingly difficult to avoid asking if there has been any grand prix team which has managed to live so long on past glories and been unduly for so long by devoted supporters.

I suppose Team Lotus fitted the bill - but it was cash-starved to a degree incompressible to the over-populated

Ferrari corridors of Maranello, and has in any case paid the penalty in that it no longer exists. It is a great irony that, in the wake of the French grand prix debacle, it should be Jean Todt, Ferrari's immensely capable French team manager, who is pilloried by the Italian Press and offering to fall on his sword, and not the invisible legion of private agenda-setters at Ferrari and its parent Fiat.

When Gianni Agnelli, the former Fiat chairman and Luca di Montezemolo, the Ferrari boss, attend Silverstone in a public and typically political show of solidarity this weekend, it can only be with private misgivings. For Ferrari's grand

prix efforts are in danger of being seen as an allegory of Italy's motor industry.

For each failure there is an explanation. This time around, the problem turned out to be a batch of faulty pistons; a "one-off". And yet other "one-off" problems still occur, each with its identifiable cause, yet each successfully putting a winning performance tantalisingly out of reach. Money is not a problem yet performance remains slightly wide of the mark and inconsistent.

Last week, testing at Monza, there was another engine and a drive-shaft failure. At the French grand prix, almost while Schumacher was walking back to the pits, the French

race barely five laps old, his team-mate Eddie Irvine was retiring with gearbox failure. In Canada, it was a broken drive-shaft (Schumacher) and broken suspension (Irvine). The list goes on.

Only the most uncharitable would refuse to acknowledge that grand prix cars are desperately difficult to win; even more so to win consistently. Ask Renault. The full might of the *Régie* was brought to bear on winning the world championship in the 1970s and early 1980s, with only limited success.

The world has since moved on. Computer-aided design, engineering and manufacture, computational fluid dynamics

and a host of other enabling technologies, coupled with quality-enhancing work processes seeping in from Japan, have made motor racing components more reliable, even at the 18,000rpm or so at which a Formula One engine works.

Every team still has its failures. But in overall terms, given Ferrari's extraordinary heritage and status as an Italian automotive icon, current engineering performance is sadly lacking.

Never mind that it may have been an outside component maker's workmanship at fault; grand prix success now demands mastery not just of in-house design and engineering but the complete supply

chain and all its associated processes.

Big manufacturers such as Ford, Renault, Peugeot, Mercedes and, yes, Fiat, are in grand prize for the effect it should have on the marketing and promotion of the show-room models bought by millions. If this is the best that Ferrari can achieve what, consumers may well increasingly ask, does it say about the state of the rest of Italy's industrial culture?

In hiring Schumacher, and in spite of the anti-Todt tirades of the Italian Press and *Motorsport*, Ferrari has time-limited its own credibility. This time around, the old Maranello adage that if Ferrari wins it is the car, and if it loses it is the driver, simply will not wash.

Today Schumacher, still trying manfully to inject some of his own cool sense of direction into the team, has a credibility greater than Ferrari's.

I have a hope. It is that this weekend, on the broad sweeps of Silverstone, Schumacher's Ferrari will hold together and give Damon Hill and his championship leading Rothmans-Williams-Renault the hardest race of his life - simply because grand prix needs the spectacle.

For Hill and the calm, dedicated and immensely talented engineers who comprise the Williams team, however, this year's world championship title is now clearly in sight.

Few would argue that they do not deserve it.

## Golf Americans face the Lytham jinx

Derek Lawrenson looks at the Open Championship's odd statistics

Quite where the Open Championship stands in this so-called summer of sport clearly depends upon one's love or otherwise of the Royal and Ancient game. What is less open to dispute is its position as the season's great bargain.

Unlike Euro 96, no swathes of empty seats will greet the competitors because prices are too high; unlike Wimbledon, no ticket tout will make a fortune from desperate hobbyists.

The Open has never been all-ticket, which makes it unique among the biggest events in world sport. It does not need to be because it takes place over a vast acreage. How much spectators get to see of the players of their choice, of course, depends upon their eagerness to march over hill and down valley in pursuit. The opportunity is there.

Alternatively one can sit in one of the many grandstands and watch golf every day from 7.15am to approximately 8.30pm. At £22 for adults, £11 for senior citizens, and £6 for juniors, the Open represents a marvellous value.

This year's venue is Royal Lytham and St Annes, which, apart from St Andrews, invariably attracts the largest crowds of the eight courses on the Open rota, partly due to its accessibility to both Scotland and England.

Lytham is the least scenic of all the Open venues, however. It does not possess the towering dunes of Turnberry, or the architecture surrounding St Andrews.

What it does have are five finishing holes that test the nerve and skill of any player, and accordingly, it usually produces a worthy champion. Eight Opens have been held there and the winners include Bobby Jones, Gary Player, and, on two occasions, Severiano Ballesteros.

The Spaniard's career could almost be detailed by looking at his Open wins at Lytham. In 1979, he triumphed at the tender age of 21. In the last 36 holes he hit just two fairways yet, consumed by destiny, he escaped from some of the most perilous positions with barely a scratch.

In 1988 Ballesteros had seen enough of fortune's vicissitudes to be able to offer a proper assessment of a sublime last round of 65. "Only once, perhaps twice in a lifetime does a man get to play so well."

Now he returns at 39, a father of three, with the same frailties as everyone else. "Once I drove into the woods and, for my escape shot, I could see no trees," he says. "Now, I drive into the woods and I'm worried about whether my ball will hit this root or that branch."

Golf may be a game filled with infinite possibility but it would be nothing short of miraculous if Ballesteros were to triumph a third time at Lytham.

The course itself and the Opens that have been held there have led to a compendium of oddities. It is the only Open venue, for example, that begins with a par three, the only one with back-to-back par fives, the one time a left-handed golfer has won a major championship was at Lytham; and the list of winners does not include an American professional.

The last is the most remarkable statistic of all. To put it in perspective, each of the 15 Opens held between 1969 and 1983 was won by an American, apart from the three at Lytham.

Why? The Lytham professional, Eddie Birchough, has his theory: "It has always been what I would term a fast-running course, much more than the other Open venues. The fairways are hard, which calls for a lot of imagination when playing shots to the greens. It is a form of golf which suits those who are used to it and the Americans are not."

Nevertheless, Birchough believes the American left-hander Phil Mickelson has an excellent chance of ending this 70-year difficulty next

Each Open held between 1969 and 1983 was won by an American, apart from the three at Lytham

week. This is because Lytham offers a considerable advantage to those who hit the ball, as he does, from left to right of the tee.

For the same reason, he favours Colin Montgomerie "provided he can control himself as well as he controls a golf ball". Indeed, there is not much dispute that from tee to green Montgomerie is now the best player in the world.

But temperament and putting are essential to winning the Open, which perhaps explains why the volatile Montgomerie has a poor record in golf's main event, with three missed cuts and one top 10 finish in six showings.

This Open will see Jack Nicklaus extend his record of appearances in successive major championships to 139, dating back to 1963; Gary Player, the winner at Lytham in 1974 will be playing in his 42nd consecutive Open. By contrast, the Spaniard Sergio Garcia will be the youngest participant since Ronan Rafferty in 1980.

Nicklaus, incidentally, is 58, and Garcia is 18. Long and painful experience has taught me not to get into the business of tipping winners but I am happy to predict that the champion will be someone aged roughly halfway between the two.

## Songwriter sets a tragic Ferrari legend to music

Pop star Chris Rea is stepping offstage outside the Jordan Grand Prix motor home. The hushed wall of a V10 engine on bench-test almost drowns his words. "I'm obsessed by motor racing the way I am about music," explains Rea, as a few paddock autograph-hunters begin to gather.

The singer/songwriter has sold 20m albums worldwide and has a passion for Ferraris. He has spent more than £1m of his own money on producing a film *La Passione* featuring his music, the "shark-nose" Ferrari 156s of the late 1950s and the tragic story of German driver Count Wolfgang von Trips.

Much of the inspiration is autobiographical. Rea's father was Italian, serving a factory as an emigrant ice-cream maker in the north-east of England. One thing he took with him was a passion for Ferraris.

Chris Rea was seven when his family went to the French Grand Prix at Reims in 1952. Images of Mike Hawthorn winning in his Ferrari still fill Rea's memory. Von Trips came third. "This all reaches far, far deeper than simply cars going round a track. It's about romanticism, red cars and Italian families."

Three years later, Chris Rea was at home in Middlesbrough,

in front of a small television watching the Monaco grand prix. "It's such a vivid memory," he says. "One of the drivers was called Wolfgang von Trips. He seemed incredible to me. Looked like Darth Vader, lived in a castle, and drove a red Ferrari. What an image for a little boy to carry in his head."

Rea can still recall the sunny afternoon some months later when he learned of von Trips' death. The German count was about to confirm his victory in the 1961 world championship when he clipped Jim Clark's Lotus during the Italian grand prix. The Ferrari ploughed through the grandstand, killing

14 spectators, before throwing the driver from the cockpit.

As no examples of the "shark-nose" Ferrari 156s survived, Rea had to build his own replicas for the film. No technical drawings were available from Ferrari so the 156 was re-constructed from photographs. It represented about 2,000 hours in the workshop. Rea drove the replica once, at Goodwood, but says he was terrified of damaging it prior to filming.

He expects an autumn release for his film, which has found backing from Warner Bros.

Keith Wheatley

## Cricket

## Howzzat? Well, rather loud, actually

Teresa McLean looks back on the history of over-appealing players

The Lord's Test match included some dull sessions in which the only vigorous element seemed to be the appealing. Dominic Cork has found enough descriptions of his exuberant manner of appealing to decide that it is worth exploiting.

If nothing else can attract attention, there is always the long and loud appeal, preferably when there is no cause to make one.

By the end of the Lord's Test, I was embarrassed on Cork's behalf because he was playing up to the "outrageous appealer" image so much. With the help of media voyeurism, cricket appeals have become a sport form with their own public interest, particularly if the bowler they accompany provides few other items of interest. But, to be fair, they have also been known as a way for "character players" and stars to make the most of their influence.

Dennis Lillee's cut-throat appeals in the 1970s were an example of this age-old practice. Back in the 1830s and 1840s, Alfred Mynn, the Lion of Kent, showed how much he despised the new low means of dismissing batsmen by declining to appeal for lbw, preferring to annihilate the stumps.

Every so often Mynn did feel tired enough to resort to lbw and then it took a brave umpire to refuse his appeals, not just because of his 18 stone bulk and the overpowering nature of his shouts, but also because of the respect, bordering on reverence, in which players and umpires held him.

For half a century, lbw made a fine show-ground for high-powered appeals in the Mynn mode. By the late 19th century, W.G. Grace had become famous for his appeals as well as his shots, in an age when it had become normal for almost all the fielders to appeal for caught behind.

The advice which John Lillywhite gave to wicket-keepers in 1886, one generation before Grace and his companions made appealing a co-operative enterprise, sounded like a voice from the romantic past.

"Do not ask the umpire unless you think the batsman is out; it is not cricket to keep asking the umpire questions." But it was already common practice in cricket, which meant that umpires wanted to stay in control of the game had to resist all sorts of pressure on as well as off the field.

The unusual thing about Grace's shamelessly aggressive appealing

was that it sometimes extended to appealing when he was batting. In 1875 he was clean bowled when batting for the Gentlemen against the Players at the Prince's ground, but appealed against the decision, first hopefully, then imperiously, to both umpires, who refused to declare him not out, citing as evidence the balls and stumps lying on the grass.

Modern umpires of first-class cricket are unlikely to be faced with that level of personal pressure; not even Brian Lara, described to me by a West Indian cricket fan recently as "a god in the islands, playing in front of his worshippers", has yet been known to appeal against being bowled. But massed appealing is a common hazard of the contemporary game, not just in search of a caught-behind decision, as in days of old, but in search of any possible decision against the batsman.

After the second Test, Indian batsmen sharpened their bowling against British Universities' batting at Fenners and Indian fielders set about broadening their appeal, in all circumstances.

Wicket-keeper Nayan Mongia played a vital part in the lively leg-

spinner Narendra Hirwani's six-wicket haul when the Universities went out to bat. Robin Martin-Jenkins, one victim, took the attacking approach and was stumped by Mongia, with lightning speed and deafening but understandable appeals.

The Universities' captain, Russell Cate, Hirwani's first victim, had been well caught by Vikram Rathore, some distance away from Mongia but accompanied by his deafening, ill-placed appeals. Appeals in that game struck me as war-cries as much as requests.

This kind of contemporary appeal can now be held up for public analysis, through instant playbacks on giant screens, showing deliveries, shots, fielders' actions and umpires' decisions, although in this respect the modern age has so far left Fenners in peace.

The Test and County Cricket Board was proud to announce, however, that all five English Test grounds this year will be using these giant screens. Umpire Dickie Bird is one who has no doubt that umpires must welcome this and every other kind of modern mechanical equipment as means of vindicating their decisions, rather than fear them as means of casting

doubt. He confidently gave an example of a personal favourite. "I like my light meters because they give visible support to an umpire's decision to come off, which is not usually popular with the crowd."

The problem now is knowing when umpires at well-equipped grounds cannot make a decision without the help of mechanical equipment, as with the run-out replay system on screen, and when they only need to call on that sort of help if they feel uncertain.

It would not be surprising if the next step is for umpires to have to call at replays before giving any decisions. One step makes the next. If decisions need replays first, then appeals too could be said to need replays first, to make sure they are worth making. That would use a fair amount of time.

Technology has an expert capacity for slowing down simple tasks. Watching the English and Indian teams alternating between choral and solo performances of pointless appeals reminds me of the usefulness of the fine for bowling too few overs in a day. Cricket being in many ways the primitive contest it is, it may take a half-empty pocket to keep players quiet.



I think that may be out, umpire: the appealing Dominic Cork

What's on in the principal cities

AMSTERDAM

BERLIN

BIRMINGHAM

BOLOGNA

BONN

BREGENZ

CAPE TOWN

CHICAGO

COLOGNE

COPENHAGEN

DUBLIN







Truth of the Matter / Hugh Dickinson

# Why the time for rules is past

Listening to a good and high-minded man getting bogged down in public is always painful. All the more so when he is a friend and an archbishop. Perhaps it was not the shrewdest of moves to launch a moral crusade on the *Today* programme on BBC radio just a day after intervening, ineffectively, between two contumacious clerics in Lincoln.

It seemed inexplicable for Dr George Carey, the archbishop of Canterbury, who really believes there are absolutes, not to be able to give a straight answer to the question "Do you think adultery is wrong?" Particularly when shortly afterwards he went on to re-promote the Ten Commandments.

Of course I can see why. The next question in line is: So what about Prince Charles, Your Grace? And the one after that: Could you crown him? (A lot of people would like to.) But that vignette highlights the peculiar complexity of the debate about morality - and whatever may think of his contribution, I am

glad that the archbishop has started the public debate again. But it is a morass. Yes, there was a time when the behavioural norms of a traditional Christian value system were widely accepted and enforced by social pressures to conform. How hypocritical was it? All that has gone. And for good. The central island of a community of shared values has been eroded by remorseless tides and winds and split up into atolls linked only by being outcrops from the same continental shelf. It is the moral equivalent of global warming.

Some of the tides and winds can be named. The moral consequences of Thatcherism and the market ideologies (the sanctification of greed) have still to be fully catalogued, but the erosion of a sense of

community responsibility is certainly one. Post-modernism has swept through colleges and universities and is well entrenched in the teaching profession. Absolutes are derided and all judgments relativised. Morals have effectively been privatised. Religious leaders seem not to have noticed. In England we are a post-Christian society, radically secularised.

There are many other faith communities in the UK and the traditional mainstream denominations of Christianity have a diminishing hold on the corporate conscience. Poverty and unemployment deprive swathes of our society of any investment in its stability. Immature parenting is producing a generation of disturbed and unsocialised children. Schools and teachers are treated despicably and publicly rubbished. No wonder things fall apart. But, most interesting of all, people are beginning to think for themselves. That is radically subversive of any archiepiscopal moral crusade. Yes, people do want a moral lead, but it must be much more nuanced and reflective than the moral simplicities of a "return to traditional values".

I had a go at it myself recently. There's cheek. It turns out to be much trickier than you might think. A colleague and I fell - as is the wont of clergy - to pondering the Ten Commandments. They contain profound ethical principles. But as they stand they do not and cannot serve the function for our society that they once held for a

tribe of nomads in the Middle East in 1200BC. Apart from anything else there are no sanctions to enforce them except episcopal or parliamentary exhortations. Neither carry much moral clout. Nor do claims for "Holy Scripture".

So we asked ourselves - suppose we were to write a new Ten Commandments for a school community. What would they be? Would they be different for a primary school from those offered to a university college? Or will one set serve for everyone? They need to be succinct and lapidary - not in the sense of rules graven in granite but sharp and pithy like Latin inscriptions. They must be norms which everyone of goodwill can own, atheist, agnostic, Jew, Muslim or Christian or new age gnostic. We bick-

ered amicably for 40 miles. These are some of the phrases we tried out:

- Be true to the truest light within you.
- Treat others as you would have them treat you.
- Be urgent for justice and fair play for others.
- Put the welfare of the community before your own; respect its rules and laws; work together to build it up.
- Protect the weak, succour the poor, respect the aged, welcome strangers, be compassionate to all.
- Treat life and time as precious gifts; strive to use all your gifts and talents to the utmost.
- Speak the truth, deal honestly, keep your word, be faithful to your friends and family.

□ The planet and all its creatures are your responsibility. Strive to make it beautiful, to protect its resources and leave it a better world.

□ Make peace, be willing to forgive, avoid violence.

□ Be generous with your time and love and wealth.

No doubt every reader could make improvements to what we agreed was a banal list. (Postcards welcome.) But we were also agreed that the time for rules is past. Rules simply do not work. There are times when adultery under the name of a second love, when a first love is dead, is a gift of new life and joy to barren hearts which no commandment, human or divine, should want to ban. I would like to know how that would stand up in a moral crusade.

I would be happy to nail it to my mast; but others will want to tear it down. But more urgently, what is the engine which could drive a moral renewal in a community which has lost the mainspring of a dynamic religious faith?



Mark Purdey: lanky, amiable and has his own theory about mad cow disease

George Phillips

## The farmer who left the herd

Christian Tyler meets a man who has locked horns with the Ministry of Agriculture over BSE

He has been addressed as "doctor", even as "professor". The former public schoolboy whose rural upbringing has made him the *bête noire* of the Ministry of Agriculture is actually neither.

Mark Purdey is a lanky, amiable organic farmer. He lives with his second wife, Margaret, and their five young children in a small converted barn under an oak tree on the edge of Exmoor.

When he is not tending his herd of 40 Jersey cows on the 60-acre farm, or playing modern jazz on the saxophone, Purdey is upstairs reading scientific research papers and dealing with correspondence from all over the world.

He is a biochemist in wellies, largely self-taught. He is convinced that bovine spongiform encephalopathy (BSE) was caused not by a virus from cattle feed made from offal and contaminated with scrapie, as the Ministry insists, but by an insecticide which farmers poured on their cows in high doses to eradicate warble fly.

The men from the ministry, who are up to their own necks in silage because of the British beef scare, have tried to brand Purdey a maverick, or worse. But foreign governments are now asking to see his work, and the signs are that support is growing for Purdey's hypothesis, among doctors, scientists - and farmers themselves.

If Purdey is "alternative", then he is using some very conventional weapons. His latest missile is a two-part article on the pathogenesis and epidemiology of BSE in a peer-reviewed medical journal.

Here is a sentence: "Multi-site binding organophosphate toxic metabolites penetrate the fetus, covalently binding with, phosphorylating and ageing serine, tyrosine or histidine active sites on fetal central nervous system prion protein." It becomes easier later on. But

you get the flavour.

Purdey rejects the "alternative" label but does not disguise his green creed. He remembers playing in the orchard behind his parents' house in Much Hadham, Hertfordshire, when a crop-spraying aircraft flew over. The birds began to die in convulsions. "That look in their eyes still really haunts me," he said. Later, Rachel Carson's book *Silent Spring* was a big influence.

His campaign began with a knock on the door in 1984, two years before BSE had been identified.

"The Ministry arrived one morning at breakfast time - a lovely autumn morning - and delivered this notice for me to forcibly treat my cows for warble fly. What got my back up was the assumption that I'd do it, use this extremely potent pesticide derived from a military nerve agent."

"Before that I'd been a sort of laid-back, idealistic organic farmer in my oasis of Somerset countryside just getting on with my life. Suddenly the conflict triggered off this campaigning spirit, this scientific quest, which until then I was largely unaware that I had."

Are you "alternative"? I asked.

"No, I don't think I am. I just live according to the way I spiritually believe in. We're self-sufficient in organic vegetables, which is unusual, but what's wrong with that?"

Is it an accident that you live near Glastonbury?

Purdey laughed uncomfortably. "No, that's not part of my vision at all. I'm just a normal person."

"People think I'm a wacky Green."

They'd be surprised to know how much antagonism I've had from Greens - possibly *agent provocateurs*. Vegetarians like the official theory because it blames animal cannibalism.

Whether Purdey is right or wrong - and laboratory tests he has financed may decide which in three months - the contest between the maverick and the ministry is an intriguing one.

Nor are military metaphors out of place. Mark Purdey is a great-grandson of the famous shotgun maker William Purdey. His grandfather, Lionel, was a poultry farmer who introduced the Muscovy duck ("a useless creature") and suffered shell-shock in the first world war. He badgered Lord Kitchener to get the syndrome recognised.

After a "vicious" preparatory school, Mark Purdey was sent to the military-style Haileybury where he was shocked to see the school chaplain in the cadet force running around with rifle and bayonet shouting "kill, kill". He was asked to leave early after his A-levels in biology, geography and physics. "I was seen as a threat to the equilibrium of the school," he said. "I suppose I was a law unto myself. But I would like to think it was always affable."

Turning down a place at Exeter University, he swept floors to raise money for an organic farming community in the west of Ireland. When that fell through, he started buying and selling smallholdings.

The oddball family streak had been a comfort, Purdey said, "when I was faced with letters from horri-

ble officials trying to make out that I'm totally up the pole".

His response to the ministry's 1984 order was to warn that the pesticide could damage proteins in the nervous system of the cow - and of the farmer. He took the government to the High Court, and won, "on a terminological loophole".

Purdey began haunting the university and public libraries, trawling through thousands of medical papers - he still does - reading about genetic brain diseases in places such as Guam and the highlands of New Guinea.

When BSE emerged he wrote to *Farmers' Weekly*. "Without wanting to appear to be a prophet, I did actually forewarn them. I was expecting it."

He accuses the Ministry of Agriculture, Fisheries and Food (MAFF) of distorting his hypothesis, mixing half-truths, discrediting him with foreign scientists, even sponsoring letters from fictitious characters in the farming press.

Some of his suspicions have a tinge of paranoia: "Some odd things happened in the 1980s. Suspect people turned up. There were break-ins, odd disasters." His house was set on fire and an electrical fault blamed when there was no electricity on. When two important disks on his computer were corrupted - but only two - an electro-magnetic field was blamed.

"Clearly the scientists were not stupid," he said. "Sometimes on the phone they would show cryptically that they understood what I was getting at." He surmises they were

afraid to speak out for fear of losing their jobs, or promotions, or landing the government with enormous compensation claims.

They would argue, I said, that you were bound to blame the pesticide.

"You can go on discounting my observations and other people's on the grounds that I'm an organic crank-case. But there comes a time when you have to accept that what I'm talking about is direct observation."

As he talked a jet trainer exploded from behind the hill and screamed overhead. The children jumped.

How was he coping with the strain?

"I'm surprised by myself, really. I think once you believe in something, unless you have a lobotomy there is no going back."

Have you felt despair?

"I did for many years. I did feel extremely isolated and there were only a few landmarks, like a letter from a Japanese dean of a medical school agreeing with me."

Have you kept your equilibrium?

"Yeah, I think so. We occasionally have days off and go to the beach. Where things grate a bit is the phone incessantly ringing and TV crews coming to film me. It gets a bit intrusive." The expression on the face of his wife Margaret, noisily chopping onions nearby, confirmed the truth of this remark.

Do you suffer from doubts?

"Any proper scientist has got to be self-doubting. Yeah, I do doubt myself. But I must say as my theory evolves it does seem to look stron-

ger. For example we have these 28,000 cows with BSE born after the ban on animal protein in feed."

We must assume the government is not wilfully trying to poison us all, I said. Perhaps your theory is compatible with theirs.

"Yes, you have a good point there. Where I can concede partly is that the organophosphate may have primed the disease by damaging this prior in the brain of the cow. You kill that cow and feed its brain back to the next generation and you have this undegradable mutant prion which could cross the gut wall and get back into the brain of the next."

The Portuguese government has

asked to see Purdey's findings. He has had calls from Germany and Denmark. At home, he has met government scientists privately, lectured to the Medical Research Council and talked to many local bodies.

Will it all end in tears?

"No, because doing this work I've found out some very interesting things." Purdey thinks that Creutzfeldt-Jakob disease (this rare human affliction which the government has linked to BSE) is not caused by eating beef but may be the result of similar overdoses or bio-accumulations of chemical in people who are genetically susceptible. The same may be true of Parkinson's, Alzheimer's, multiple sclerosis and motor neurone disease.

As I drove away from the lonely farm, I thought: just because society has rejected an idea as bad does not mean it is good. But just because a man likes organic vegetables and jazz does not mean he is wrong.

*Medical Hypotheses* (1996) vol 46, pp429-443, from Pearson Professional; tel: 0121-535 1731.

Stand at the bar of an Italian café early on a weekday morning, and you might be in the middle of the most heavenly-smelling game of *What's My Line?* "Good morning, Engineer," booms the barman. "The usual *cappuccino*, Architect? *Banana*, *dolce*, *Salvo*, *avocado*." He continues to pay his tribute to all the smooth professionals around him in a roll-call of absurd, but rather charming, pomposity.

At least that is how it seems from a British perspective, where professional and academic status have not quite reached that level of self-importance.

Britons go to the other extreme. They must be the only people who admit sheepishly that, yes, they did spend three years of honest toil researching the use of prepositions in Norse mythology, and yes, they were fortunate enough to be awarded a doctorate - but they only ever use the title to get a decent table at a restaurant.

There is even that unwritten rule - that you only use the title of "Doctor" if you are a medical doc-

tor, and then only if you are not a surgeon in which case you are, of course, a Mister or Ms.

But most of the rest of Europe, and America too for that matter, shows scant regard for such humilité. The world out there is full of professors, dripping with doctors. It is best not to ask too many questions. Suffice to say that not all of them have come within a test tube width of winning a Nobel prize.

But Britain's bouncing huffins are fighting back. Oxford University this week announced it was creating 182 new professors as a corrective to the flood of titles which exist abroad and which have been created recently in the new universities.

It is the oldest one in the book: if

a currency is debased, just churn out some more notes, and we can all join in the fun.

Oxford academics have been upset for some time that society-at-large has failed to recognise their brilliance while less-gifted colleagues from Other Places have revelled in titles steeped in scholarly seriousness.

This from an institution which shells out MA degrees for a tanner if you have the patience to wait for 21 terms after beginning your undergraduate degree, and you have already graduated.

But I wonder if they have the right answer. You see, everyone knows that an MA degree from Oxford is worthless, and not a real post-graduate degree at all, as it is in other universities.

Everyone that matters, that is. Just as everyone that matters knows instantly the value of any degree or title. There are bad universities out there, and they have professors. They know who they are. So do a lot of other people.

Oxford is, by and large, a good university. But by playing the titles game, they are only impressing those who do not need to be impressed. Those who matter will soon learn to distinguish between the new type of professor - "titular" professors - and those who genuinely hold a chair. Just who are they trying to kid?

The whole affair was put into refreshing perspective by the visit of Nelson Mandela to Britain this week. So many universities insisted on conferring an honorary degree

on him that a special ceremony had to be arranged to enable him to receive them all.

Now if professorships are a joke, honorary degrees take us into the dreamscapes of the surreal. Nelson Mandela will be sharing this privilege with, among many even less worthy recipients: Richard Wilson, who was honoured for his portrayal of a misanthropic television character called Victor Meldrew; the former footballer Jack Charlton, who made a pun out of his doctorate in civil law by joking about kicking Denis Law; and Mark Knopfler, who has made millions from recycling goodish guitar solos and exotic headbands.

But we are not stupid. We know the difference between showbiz mediocrity and one of the outstanding heroes of the 20th century. No matter that they share the same title.

Mandela would probably prefer the sound of another academic accolade: that conferred by the students of Wadham College, Oxford, who continue to end all their discourses by playing the anthem *Free Nelson Mandela* as a tribute. A small honour for a great man, but I bet he wears it well.

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### Last week's results

Country	Party	Percentage
UK	Conservative	32.0%
UK	Labour	30.0%
UK	Liberal Democrat	27.0%
UK	Others	11.0%
France	PS	26.0%
France	MR	16.0%
France	FN	15.0%
France	Others	43.0%
Germany	CDU	45.0%
Germany	SPD	30.0%
Germany	Others	25.0%
Italy	DC	35.0%
Italy	PSDI	15.0%
Italy	Forl	10.0%
Italy	Others	40.0%
Spain	PSOE	48.0%
Spain	PP	22.0%
Spain	Others	30.0%
Portugal	PS	45.0%
Portugal	CDU	25.0%
Portugal	Others	30.0%
Greece	ND	35.0%
Greece	AD	25.0%
Greece	Others	40.0%
Belgium	CDU	35.0%
Belgium	SPD	25.0%
Belgium	Others	40.0%
Netherlands	VVD	35.0%
Netherlands	D66	25.0%
Netherlands	Others	40.0%
Austria	SPÖ	35.0%
Austria	FPÖ	25.0%
Austria	Others	40.0%
Sweden	S	35.0%
Sweden	M	25.0%
Sweden	Others	40.0%
Denmark	S	35.0%
Denmark	V	25.0%
Denmark	Others	40.0%
Finland	K	35.0%
Finland	V	25.0%
Finland	Others	40.0%
Ireland	Fianna Fail	35.0%
Ireland	Labour	25.0%
Ireland	Others	40.0%
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Finland	V	25.0%
Finland	Others	40.0%
Ireland	Fianna Fail	35.0%
Ireland	Labour	25.0%
Ireland	Others	40.0%
Portugal	PS	35.



## In the Pink

The experience of eastern bloc countries shows Emu's architects have designed a disaster, writes **Brian Reading**

### East German precedent is not encouraging

Germany was, with onerous social commitments. Their economies will stagnate, putting remorseless upward pressure on their budget deficits, obliging them to respond with fiscal austerity.

The architects of Emu have designed a disaster. There is no way they can ensure that when currencies are irrevocably locked together the right exchange rates will be chosen. Some are certain to be too high, others too low. All experience shows that correctur-

In a non-inflationary world it means forcing wages and prices to fall. After 1999 it will not be necessary for Europe to wait for future shocks to show the baleful effects of abandoning exchange rate flexibility. Active consequences will be immediately apparent, particularly as Maastricht stage three is likely to coincide with the next business cycle downturn. Budget deficits, at cyclical lows in 1998, will be on their way up again, having in

most countries barely made it below the 3 per cent Maastricht ceiling.

It is idle to suppose that fiscal discipline will then be maintained by any stability pact agreed between governments. Politicians can only deliver things that voters will accept – fiscal austerity in face of stagnation and mounting unemployment is not one of them. Taking control of fiscal policy away from national governments is one solution. But the day voters can no longer determine how much their own governments can tax, borrow and spend, not merely sovereignty but democracy is forfeited.

Consider what the East German experience means for European monetary union (Emu) and the single currency.

Countries that lock into the Euro in 1999 at over-valued rates are in for a rough time. They won't receive a fraction of the transfer payments spent to bail out East Germany. They will be saddled, as East

Major stock transactions in their own companies July 1-5				
Company	Symbol	Shares	Value \$1000	No. of shareholders
<b>SALES</b>				
Aciken Water	Watr	5,450	32	1
Aluminum	ALCO	1,000	128	2
Bentley Group	BENT	1,000,000	650	2
California	Cal	2,175	13	1
Colgate	Col	1,659	13	1
Coleco Int	Colc	100,000	350	1
Dowell	DOW	22,180	363	1
DPS Management	DPS	400,000	1,468	1
Forward Ind	For	50,000	37	1
Gen Hardware	Gen	300,000	1,060	1
Gen EDPR	Gen	84,000	672	1
Mercury Asset Mgmt	Mer	38,000	338	1
Rebuilding Pro To	Pro	25,000	22	1
Revere	Reve	50,000	63	1
Water Resources	Wate	16,500	17	1
Whitman	Whit	39,460	267	1
Amesbury Inc	Ames	90,930	941	1
Business Post	Bus	15,300	156	1
DPS Management	DPS	710,000	409	1
Rembrandt	Rem	56,495	166	1
Sealed Air	Seal	1,353	10	1
<b>Other</b>				
Acorn Nursing Serv	Acn	34,000	48	2
Bibby Inc	BIB	50,000	49	1
Blair Holdings Gr	Blair	50,000	49	1
Business Post	Bus	16,534	69	1
Chrysler Int A	Chry	80,000	174	1
Chrysler Trust A	Chry	40,000	16	1
Cowden	COW	50,000	136	1
Forest Indus	For	100,000	37	1
GE Ind	GE	20,000	59	1
Glenshaw	GLE	37,275	16	2
MacDonald House	MAH	5,517	11	1
Mart (E. D. H)	Mart	25,000	44	1
ML Holdings	ML	113,297	21	1
MPR Group	MPR	20,000	16	1
Public Media	Pub	7,000,000	140	2
Reichman	Rei	7,000	23	1
Truist	Tru	300,000	12	1
Wynn Resorts	Wyn	266,666	16	1
Yarrow	Yar	3,000	10	1
SLP Services Health	SLH	25,000	23	1
SLI Group	SLI	5,000	21	1

**Berkshire Group**

The sale was only given the preliminary final results announced during the week, but the shares have done well over the year and are currently 54 pence above the market.

**SOLD 3/7/95**  
James Farrer (Proc.) 500,000  
Anthony Pidgeley (MCI) 500,000  
Graham Poper (Ch.) 50,000 at 585p

**SOLD 3/7/95**  
Roger Lewis (PD)  
6,000 at 542.5p

**SOLD 3/7/95**  
John Jacobs  
25,000 at 1025  
164,767 at 595p

Source: Thomson Track, Edinburgh

Non-executives

# No gateway to joy for Somerfield

Somerfield, the fifth biggest UK supermarket chain, has not had a happy trip to market so far, writes David Blackburn.

The prospects, published on Thursday, set an indicative price range of 180p to 190p a share for its flotation, valuing the company at £540m-£570m.

any can continue is open to question.

The national dividend of 9p is 2% times covered, with the yield the main attraction at 6 1/2 per cent.

The stock offers a way into the sector at a relatively low price, but the top four supermarkets still look better value

£10,000 – £39,999
£40,000 – £99,999
£100,000 – £249,999
£250,000+

Read it and weep. Woolwich Guernsey has consistently offered excellent rates of interest in all these tiers.

Last year, in particular, our £500-£9,999 tier offered 5.75% interest, the highest rate of any offshore building society subsidiary. Which, incidentally made it the industry best buy for 1994.\*

And, had you invested £10,000 over the past 3 years in our £10,000-£39,999 tier, you'd now be crying with laughter, because it was also rated as industry best buy in '94.\*\*

In fact, you can now earn an impressive 5.85% in this bracket. Quite obviously then, you could do yourself a wealth of good by investing with Woolwich Guernsey. And you can rest assured your investment is secure. All deposits are 100% guaranteed by Woolwich Building Society!

Not only that, the beauty of this Woolwich Guernsey account is that it gives you instant access to your money. You're free to withdraw all or part of your investment at any time you like with no penalties at all.

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**Woolwich Guernsey. We wipe away the competition's tiers.**

[illegible]

with institutions started in earnest yesterday. Some institutions indicated earlier in the week that they would be reluctant to take the stock unless it was very competitively priced.

Last year's low tax charge of 32 per cent left earnings per share at 22.5p, giving a historic price/earnings ratio of 1.5 to 1, the indicative range. This is low, but going forward the tax charge will rise to about 28 per cent.

Investors will be buying into a chain of 609 stores with a market share of 5.3 per cent, flat sales of £13.6bn, net debt of £136m and interest cover of 7 times.

David Simons, chief executive, and his team have succeeded in turning the group round, but how far the recovery

£27.7m, which will redeem the group's preference shares and buy eight freeholds from Asda.

Ray Nethercott, managing director, holds a 2.4 per cent share which will be worth about £2m on flotation, against a £50,000 investment in 1981 when the company was subject to management buy-out.

The current investor backlash against the biotechnology sector has had repercussions for Cambria, which this week said its flotation value would probably be only £22m. This is at the bottom end of its revised target set last week.

In June, Cambribridge-based company had been hoping for a £25m valuation and an impact day of July 4.

It now hopes to float by the end of the month.

Variable	Gross p.p.a.
	RATES
	5.25%
	5.85%
	5.95%
	6.10%
	6.20%

Current Interest Rates (variable): Gross p.a.	
BALANCE	RATES
£500 – £9,999	5.25%
£10,000 – £39,999	5.85%
£40,000 – £99,999	5.95%
£100,000 – £249,999	6.10%
£250,000+	6.20%

Read it and reap. Woolwich Guernsey has consistently offered excellent rates of interest in all these tiers.

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# Weekend Investor

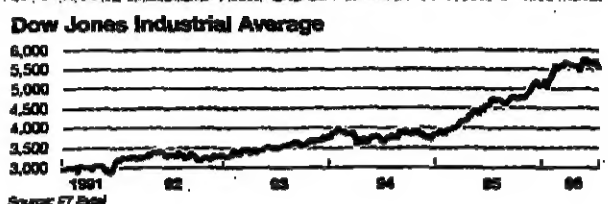
Wall Street

## Stand by to raise the storm barriers

Maggie Urry wonders if Hurricane Bertha heralds a crash in the US market

**Buy on the dips**  
One-day falls of more than 2% since Oct 1990

Date	Points	%	Points change next day	Number of sessions to recover
Mar 19 1991	6518.34	-2.14	+2.45	1
Aug 19 1991	65.99	-2.36	+15.66	2
Nov 11 1991	6533.34	-2.39	+20.27	2
Feb 16 1993	82.94	-2.44	+2.70	10
Apr 2 1993	82.94	-2.44	+2.70	10
Feb 4 1994	96.24	-2.43	+34.90	250
Nov 22 1994	97.22	-2.41	+3.25	8
Mar 8 1996	171.24	-3.00	+110.65	8
Jul 5 1996	173.88	-2.57	-37.25	0



The question facing investors is whether to sell because a correction or even a bear market is starting, or should they view the market's weakness as a buying opportunity. If there is one thing investors have learnt in the bull market of the last six years, it is that "buying the dips" pays off.

As the table shows, on virtually every occasion when the Dow has fallen by 2 per cent or more in a single day the market has risen the following trading day. The exceptions were in November 1990, when the Dow fell slightly in next session, and this time round.

On Monday this week, after a weekend when investors could consider what to do, the buy-on-the-dips mentality failed, and the Dow dropped a further 37 points. Rallies lifted the market on Tuesday and Wednesday, and took the market off its lows on Thursday. Yesterday morning, stock prices seemed uncertain which way to go.

Philip Brown, chief investment officer at Meridian Investment Company, still believes in being fully invested. He, like many investment managers, does not think it is possible to time the market. When cash comes into his funds he invests straight away. "You're better off putting it all in as soon as you get it," he argues, though he says his portfolios are taking a fairly defensive stance at present.

If you look back at the whole of the 1980s, he says, and the hundreds of days the market was open, most of the market's good performance was concentrated on a few dozen days. Missing those vital good - but unpredictable - days would ruin a fund's performance.

Looking at the table again, most 2 per cent falls are

reversed relatively quickly, with the Dow regaining its pre-fall closing level within a couple of dozen trading sessions.

The exception to that was in 1994, when the Federal Reserve's move to raise interest rates in February, and keep increasing them that year, kept the market under a cloud for a long time.

That background might be repeated this time. An expectation of a tightening in the Fed's interest rate policy is one of the problems the market is having to contend with now.

The outlook for interest rates is but one of the market's concerns now, though. Michael Metz, strategist at Oppenheimer, thinks the bull market is over for now. He says the four main forces behind the market's rise have all reversed.

Inflation was going down; now there are fears it will go up, although there is little sign of that in the price statistics yet. Interest rates were falling; now they look like rising.

Third, corporate profits were racing ahead; now earnings growth is much slower. There have been some nasty disappointments this week from leading companies like Hewlett-Packard, Motorola and United Healthcare.

The concern is that reports of poor earnings in the second quarter - when, after all, the economy was growing at an unsustainable rate - are unlikely to be a one-quarter wonder. Hewlett-Packard's profit warning, which triggered Thursday's fall, was worrying.

It said it was having difficulties across most product lines and in most geographical areas. And it decided to close

its disk drive business.

The fourth of Metz's concerns is that the huge flows of money into mutual funds are drying up.

On Wednesday, the Investment Company Institute, the association of US mutual funds, published its estimate of fund flows in June. The figures suggested that the sort of investors who buy mutual funds are becoming a little nervous of slowing sales in June. It took in around \$500m of new money to its equity funds that month, down from more than \$200m in May.

Fidelity Investments, the largest mutual fund manager in the US, said it saw definite signs of slowing sales in June. It took in around \$500m of new money to its equity funds that month, down from more than \$200m in May.

Fidelity reckons investors are adopting a more cautious, wait and see attitude, and notes much of the equity money is directed to international funds rather than US equity funds. It looks like the market will be buffeted by some strong winds before this storm blows out.

**Dow Jones Ind Average**  
Monday 5,580.83 - 37.51  
Tuesday 5,581.86 + 31.03  
Wednesday 5,603.55 + 21.79  
Thursday 5,620.54 - 83.11  
Friday

London

## Bearing out the bearish overview

Europe is blasé about the Dow, writes Philip Coggan

**O**vervalued, overbought and overdue for a correction? That is the view of many people over in the UK about the US stock market and events this week seemed to bear out the bearish view.

Even officials in the UK Treasury are expressing concern about the heights which Wall Street has reached, muttering that patterns are as disturbing as they were before the crash of 1929.

The latest decline on Wall Street followed bad profits news from Hewlett-Packard and Motorola, which worried investors about the outlook for the corporate sector.

Earnings growth has been a powerful motor behind the rise in the Dow Jones Industrial Average to repeated all-time highs. If earnings growth slows and, as expected, the Federal Reserve acts to increase interest rates, what will there be left to support the US market?

The Dow's 83 point fall on Thursday, which at one point

would be hard for London to escape.

The US is an important source of liquidity for other markets, and if US investors decide to switch into cash, they are just as likely to sell European equities as their domestic market.

The ripple effect can be seen on stocks which tend to be internationally traded as part of a global sector. A good example would be mobile telecommunications; the fall in Motorola affected European stocks such as Nokia, Ericsson and, in the UK, Vodafone and Orange. Shares in Orange have now dropped well below its flotation price; some unkind stock market wags are now suggesting the stock should be renamed "lemon".

Another sector to suffer is biotechnology. The phenomenal rise of British Biotech in particular has been noted in this column before, but investors who bought at the recent peak of £35 will know to their horror that the shares had

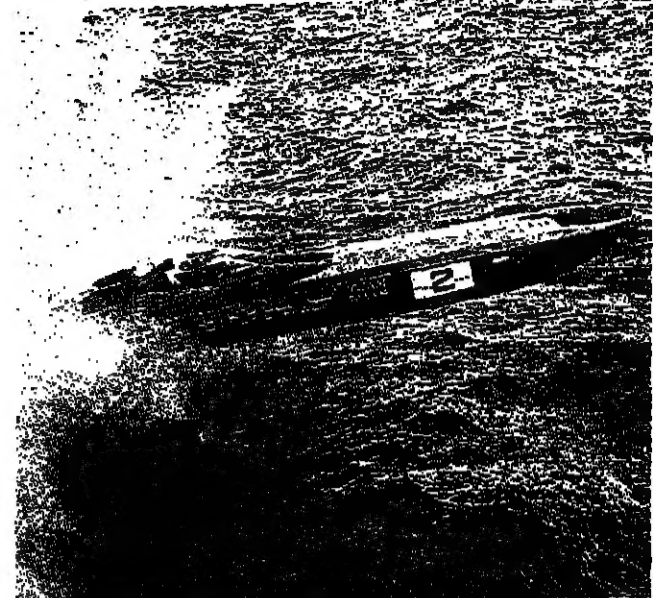
slipped to £20.50 by lunchtime yesterday. When stock markets correct, the shares with the most extravagant valuations often suffer most.

The Wall Street decline still failed to knock Footsie out of its recent trading range of 3,650-3,850, which has held throughout 1996. What has been noticeable in recent weeks, however, is that smaller company shares have lost some of their shine. The Mid-Cap index peaked at 4,688.6 in April and had dropped 4.9 per cent by July 11; the Small-Cap index hit its peak of 2,944.36 in June and had lost 3.8 per cent by Thursday.

There is no obvious reason for this decline. But surveys have indicated that UK investment institutions are reducing their weightings in UK equities and it may well be that they are selling some of their smaller holdings and concentrating their investments in the more liquid Footsie stocks.

International events seem likely to dominate the London market for the foreseeable future. The last meeting between Kenneth Clarke, the chancellor and Eddie George, the governor of the Bank of England, seems to have decided to leave interest rates unchanged; the results season goes quiet over the summer, and parliament shuts down, so political worries can be temporarily put to one side.

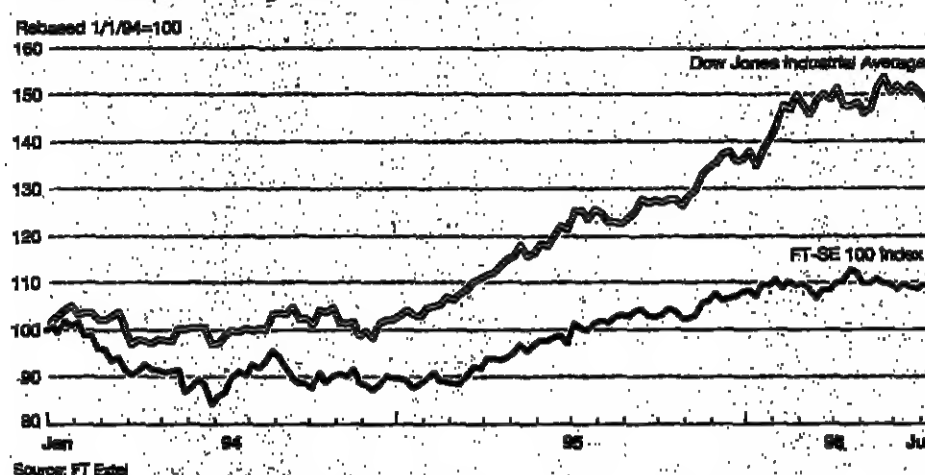
However, the summer lull can occasionally be dangerous. When trading volumes are low, marketmakers tend to take fright at a shift in any direction, and mark their prices sharply higher or lower in consequence.



Earnings growth has powered the rise in the Dow

Glyn Jones

### Does Footsie really follow Wall Street?



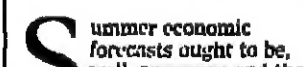
### Highlights of the week

	Price	Change	52 week high	52 week low	Notes
FT-SE 100 Index	3728.14	-14.9	3667.1	3400.4	Fall-out from Wall Street
FT-SE Mid 250 Index	3215.5	-20.7	3170.5	3000.7	Fall-out from Wall Street
BTG	1770	-145	1980	175	Front-loading
British Gas	189	-9	227	171	SGST home buyer
BSkyB	372	-25	484	311	Kirch group wants stake
BT	3514	-111	4154	3254	US buying
First Choice	145	-15	160	125	Disappointing results
GKN	104	-45	1044	873	Merrell Lynch positive
ICI	594	-36	770	556	Disappointing results
Glaxo Wellcome	594	-36	770	556	Disappointing results
HIV	594	-36	770	556	Disappointing results
ICI	594	-36	770	556	Disappointing results
Matthew Clark	594	-36	770	556	Disappointing results
Scottish & Newcastle	594	-36	770	556	Disappointing results
Stanley Leisure	594	-36	770	556	Disappointing results
Tornires	594	-36	770	556	Disappointing results

Barry Riley

## Property boom in Westminster

Hints of the old boom-bust cycle are hardly encouraging



**S**ummer economic forecasts ought to be, well, summery and the Treasury's duty obliged this week. Growth will accelerate from 2.1 to 2.9 per cent over the next year, underlying inflation (now 2.8 per cent) will fall to 2.1 per cent by next year and stabilise, the balance of payments deficit will remain critical and meanwhile consumers will enjoy their biggest spending boom since 1988, with growth of more than 4 per cent.

Whoever would have thought there was an election coming next spring? The chancellor, Kenneth Clarke's biggest problem could be that it will turn out to be more of a post-election than a pre-election boom, with some big building society flotations threatening to make consumers more than £10bn richer some time in 1997.

Any clouds on the horizon? Well, the government is borrowing massively to help finance all this consumer-led growth. Gross general government debt - the Maastricht measure - is rising by £30bn a year and is currently shooting through the £400bn level. You and me, and all British citizens, are carrying a personal mortgage of upwards of £7,000. But don't worry, the budget deficit will soon be coming down, at least if people pay their taxes according to expectations,

although sadly they have not been doing so in the recent past. A Treasury inquiry into the weakness of VAT receipts has only been able to come up with the conclusion that it is "surprising".

There are a few sceptics around. Some of them are to be found at the Bank of England. One of this year's most often-quoted observations is the sting in the tail of the Bank's *Inflation Report* in May: "It was precisely at this juncture... that policy mistakes tended to be made in the past."

At any rate, Members of Parliament celebrated the victory over inflation this week by voting themselves a pay increase of 26 per cent. That will cost even more than it seems, because MPs' pensions will have to be expensively updated in respect of past service. They are raiding the public purse in just the same way that fat cat directors are dipping heavily into the surpluses of their company pension schemes.

The juncture the Bank was referring to, by the way, was the point in the economic cycle when weakness in some sectors masks the emergence of buoyancy elsewhere. Recently manufacturing output has been hesitant and has offset above-trend growth in services. The temptation in the past has been to over-egg the upturn in these circumstances, piling new

demand into an already buoyant economy.

The impetus from the yawning budget deficit - widened by the unwise tax giveaways of last November - is now being reinforced by cuts in interest rates. Another quarter-point reduction in base rates to 5½ per cent is not far away. This is in spite

**British citizens are carrying a personal mortgage of upwards of £7,000**

of broad money growth of 10 per cent, and acceleration to 1.3 in the growth of narrow money. M0, the Treasury's preferred measure. "There may have been a structural change in M0's velocity trend relative to GDP" is the Treasury's only response. No, I don't really understand what it means, either, except that it is intended to leave an open window for the chancellor.

Yet although the economy may surge inflation, in general, will not be a problem in the near term. Sterling's strength this year and the benefits of productivity gains as output recovers will keep retail price inflation down. But earnings inflation will

pick up quite sharply over the next year - if not quite to Westminster levels.

The most obvious danger sign in the near future is going to be the emergence of a property price boom. This week the London Evening Standard got hold of some crude data from the Halifax Building Society which appeared to show that the average London house price went up 20 per cent between December and June. Curiously, the biggest increases recently have been seen in Westminster.

Presumably those MPs can afford bigger mortgages now. Even after "mix adjustment" and other refinements the increase across London as a whole was more than 8 per cent in six months. The Standard enthused that the figures were the "best for many years", underlining the populist appeal of the old 1980s get-rich-quick culture.

Remember that prices in London tend to lead values up nationally, and that house price inflation is itself a lead indicator of general inflation. In 1986 general inflation dipped temporarily to 2.4 per cent, but house prices were rising at 16 per cent a year nationally and more like 24 per cent in London.

These hints of the bad old boom-bust cycle are unlikely to encourage ambitious long-term planning by British

industry. The Treasury finds it disappointing that business investment has not risen as a share of GDP even though the economy is four years into an upturn and non-Northern profitability is as high as at any time in the past decade. But the last capital investment boom of the late 1980s left many companies dangerously overextended as the economy dried. Today's corporate chiefs are not going to be very impressed by Kenneth Clarke doing a Reggie Maundling impersonation.

It does not have to be like this. That old Wall Street "Doctor Doom" Henry Kaufman this week painted his own uncharacteristically sunny picture of the US economy, with surging investment, high profits, manufacturing capacity rising at 4.5 per cent a year, low unemployment and the smallest budget deficit of any leading industrial country. Unfortunately, things are going so well that bond yields are going up, and the Dow Jones keeps suffering panicky 100-point falls. In the stock market boom can quickly turn to gloom.

But in macroeconomic management the Americans are right back on top. The UK Treasury's mandarins should humbly take note, and meanwhile, despite the season, they should grab a warm jumper.

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Charlotte Green  
FT Financial Publishing  
Maple House, 149 Tottenham Court Road  
London W1P 9LL, UK  
Tel: 0171-896 2314  
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